

CALENDAR FOR THE BOARD OF SUPERVISORS
CONTRA COSTA COUNTY
AND FOR SPECIAL DISTRICTS, AGENCIES, AND AUTHORITIES GOVERNED BY THE BOARD
**BOARD CHAMBERS ROOM 107, ADMINISTRATION BUILDING, 651 PINE STREET
MARTINEZ, CALIFORNIA 94553-1229**

CANDACE ANDERSEN, *CHAIR*, 2ND DISTRICT
MARY N. PIEPHO, *VICE CHAIR*, 3RD DISTRICT
JOHN GIOIA, 1ST DISTRICT
KAREN MITCHOFF, 4TH DISTRICT
FEDERAL D. GLOVER, 5TH DISTRICT

DAVID J. TWA, CLERK OF THE BOARD AND COUNTY ADMINISTRATOR, (925) 335-1900

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO
AN ITEM THAT IS ON THE AGENDA, WILL BE LIMITED TO THREE (3) MINUTES.

The Board Chair may reduce the amount of time allotted per speaker at the beginning of each item or public comment period depending on the number of speakers and the business of
the day. Your patience is appreciated.

A lunch break or closed session may be called at the discretion of the Board Chair.

Staff reports related to open session items on the agenda are also accessible on line at www.co.contra-costa.ca.us.

AGENDA
August 9, 2016

9:00 A.M. Convene and announce adjournment to closed session in Room 101.

Closed Session

A. CONFERENCE WITH LABOR NEGOTIATORS

1. Agency Negotiators: David Twa and Bruce Heid.

Employee Organizations: Contra Costa County Employees' Assn., Local No. 1; Am. Fed., State, County, & Mun. Empl., Locals 512 and 2700; Calif. Nurses Assn.; Service Empl. Int'l Union, Local 1021; District Attorney's Investigators Assn.; Deputy Sheriffs Assn.; United Prof. Firefighters, Local 1230; Physicians' & Dentists' Org. of Contra Costa; Western Council of Engineers; United Chief Officers Assn.; Service Empl. Int'l Union United Health Care Workers West; Contra Costa County Defenders Assn.; Probation Peace Officers Assn. of Contra Costa County; Contra Costa County Deputy District Attorneys' Assn.; and Prof. & Tech. Engineers, Local 21, AFL-CIO; Teamsters Local 856.

2. Agency Negotiators: David Twa.

Unrepresented Employees: All unrepresented employees.

9:30 A.M. Call to order and opening ceremonies.

Inspirational Thought- "Enjoy the little things, for one day you may look back and realize they

were the big things." ~ Robert Brault

CONSIDER CONSENT ITEMS (Items listed as C.1 through C.54 on the following agenda) – Items are subject to removal from Consent Calendar by request of any Supervisor or on request for discussion by a member of the public. **Items removed from the Consent Calendar will be considered with the Discussion Items.**

DISCUSSION ITEMS

D. 1 CONSIDER Consent Items previously removed.

D. 2 PUBLIC COMMENT (3 Minutes/Speaker)

- D. 3** HEARING to consider whether the tax sale of Assessor's Parcel No. 410-152-034 to Emmanuel V. Okereke should be rescinded; and the submissions and statements concerning rescission of the tax sale of Assessor's Parcel No. 410-152-034. (Russell Watts, Treasurer-Tax Collector)
- D. 4** CONSIDER adopting Ordinance No. 2016-17 calling a special election for voter approval of a 30-year countywide transportation transaction and use tax and consolidating the special election with the statewide general election on November 8, 2016, as requested by the Contra Costa Transportation Authority (Authority), and approving related actions under the California Environmental Quality Act, as recommended by the Conservation and Development Director. (100% Authority funds) (John Kopchik, Conservation and Development Director)
- D. 5** HEARING to consider adoption of Resolution of Necessity No. 2016/467 for acquisition by eminent domain of real property required for the Balfour Road Shoulder Widening Project, as recommended by the Public Works Director, Brentwood area. (100% Discovery Bay West Traffic Mitigation Funds) (Olivia D. Reynolds, Carmen Pina, Public Works Department) (Continued from August 2, 2016)
- D. 6** CONSIDER adopting a position on Proposition 55 Tax Extension to Fund Education and Healthcare, which seeks to extend through 2030 the income tax rate increases on high-income Californians enacted in 2012 through Proposition 30, as recommended by the Legislation Committee. (Lara DeLaney, County Administrator's Office)
- D. 7** CONSIDER adopting Resolution No. 2016/487 Reallocating the classification of County Probation Officer – Exempt on the Salary Schedule; and appointing Todd Billeci to the position of County Probation Officer – Exempt at Step 3 of the salary range effective August 10, 2016. (David Twa, County Administrator)

D. 8 CONSIDER reports of Board members.

ADJOURN

CONSENT ITEMS

Road and Transportation

- C. 1** APPROVE the plans for Pomona Street Raised Crosswalk Project, as recommended by the Public Works Director, Crockett Area. (100% Phillips 66 Funds)
- C. 2** ADOPT Traffic Resolution No. 2016/4445 to prohibit parking at all times (red curb) on a portion of Pacheco Boulevard, as recommended by the Public Works Director, Martinez area. (No fiscal impact)
- C. 3** APPROVE the Bay Point Curb Ramp Project contingency fund increase of \$45,000, for a new contingency fund total of \$62,766, and a new payment limit of \$240,426, effective August 9, 2016, as recommended by the Public Works Director; APPROVE and AUTHORIZE the Public Works Director, or designee, to execute a contract change order with Rosas Brothers Construction, Bay Point area. (100% Local Road Funds)

Engineering Services

- C. 4** ADOPT Resolution No. 2016/481 approving and authorizing the Public Works Director, or designee, to execute the Deferred Improvement Agreement for minor subdivision MS13-00007, for a project being developed by Ron Carter c/o of DirtBrokers, Inc., Walnut Creek area. (No fiscal impact)
- C. 5** ADOPT Resolution No. 2016/483 approving the Parcel Map and Subdivision Agreement for minor subdivision MS13-00007, for a project being developed by Ronald L. Carter c/o of DirtBrokers, Inc., as recommended by the Public Works Director, Walnut Creek area. (No fiscal impact)
- C. 6** ADOPT Resolution No. 2016/485 approving and authorizing the Public Works Director, or designee, to fully close a portion of Arlington Avenue between Arlington Court and Westminster Avenue, on August 15, 2016 and August 16, 2016 from 7:00 a.m. to 5:00 p.m., for the purpose of tree trimming in road right of way, Kensington area. (No fiscal impact)

- C. 7 ADOPT Resolution No. 2016/491 approving and authorizing the Public Works Director, or designee, to fully close a portion of 2nd Street between Parker Avenue and John Street, on August 13, 2016, from 9:00 a.m. to 6:00 p.m. for the purpose of Stop the Violence/Back to School Block Party, Rodeo area. (No fiscal impact)

Special Districts & County Airports

- C. 8 APPROVE and AUTHORIZE the Public Works Director, or designee, to waive the \$125 rental fee and \$100 deposit for the use of the Rodeo Senior Center by New Horizons Career Development Center on August 13, 2016 from 9:00 a.m. to 5:00 p.m. for the 2016 Annual Community Block Party, Rodeo area. (100% General Fund)
- C. 9 APPROVE the Actriz Place Retaining Wall Drainage Improvement Project and related actions under the California Environmental Quality Act, and AUTHORIZE the Public Works Director, or designee, to advertise the Project, Vine Hill area. (100% Gas Tax Funds)

Claims, Collections & Litigation

- C. 10 DENY claims filed by Ernest Dorsey and Wilber and Associates on behalf of USAA a subrogee of Barbara Hocket.

Appointments & Resignations

- C. 11 APPOINT Alejandra Chamberlain to the Education and Vocational Services seat on the Contra Costa Council on Homelessness, as recommended by the Health Services Director and the Family and Human Services Committee.

Intergovernmental Relations

- C. 12 APPROVE the consolidation requests from each and any jurisdiction that filed a resolution with the County Clerk-Recorder, Elections Division and the Clerk of the Board of Supervisors to consolidate their elections with the November 8, 2016 General Election, and AUTHORIZE the Elections Division to conduct the elections for those jurisdictions. (100% Election fees)
- C. 13 CONSIDER adopting a Support position on Proposition 61 The California Drug Price Relief Act, which seeks to prohibit state agencies from paying more for a prescription drug than the lowest price paid by the U.S. Department of Veterans Affairs, as recommended by the Legislation Committee. (No fiscal impact)

Personnel Actions

- C. 14** ADOPT Position Adjustment Resolution No. 21877 to add one Information Systems Specialist III (represented) position and cancel one vacant Web Producer position (represented) in the Employment and Human Services Department. (Cost savings)
- C. 15** ADOPT Position Adjustment Resolution No. 21878 to increase the hours of one vacant Eligibility Worker III (represented) position from part time to full time in the Employment and Human Services Department. (42% Federal, 48% State 10% County)
- C. 16** ADOPT Position Adjustment Resolution No. 21899 to add one represented Secretary-Advanced Level position and cancel one vacant Personnel Technician position in the Health Services Department. (Cost savings)
- C. 17** ADOPT Position Adjustment Resolution No. 21900 to add one full time Medical Social Worker I position and cancel two vacant part time Medical Social Worker I positions (represented) in the Health Services Department. (100% Hospital Enterprise Fund I)
- C. 18** ADOPT Position Adjustment Resolution No. 21901 to add one full time Substance Abuse Counselor position (represented) in the Health Services Department. (100% Third party revenues)
- C. 19** ADOPT Resolution No. 2016/484 to adjust salary steps for specified incumbents in the Departments of Conservation and Development and County Counsel and create a new salary range for classifications Deputy County Clerk-Recorder-Exempt, Assistant County Registrar-Exempt, and Assistant County Clerk-Recorder-Exempt in the Department of Clerk-Recorder, as recommended by the County Administrator.

Grants & Contracts

APPROVE and AUTHORIZE execution of agreements between the County and the following agencies for receipt of fund and/or services:

- C. 20** ADOPT Resolution No. 2016/493 authorizing the Sheriff-Coroner, or designee, to apply for and accept a grant from the California Department of Boating and Waterways in an initial amount of \$738,249 for marine patrol and boating regulations enforcement beginning July 1, 2016 through the end of the available grant funding.

- C. 21** ADOPT Resolution No. 2016/494 authorizing the Sheriff-Coroner, or designee, to apply for and accept a grant from the California Office of Traffic Safety in an initial amount of \$323,726 for the Sheriff's Forensic Services Unit replacement of breath alcohol instruments beginning October 1, 2016 to the end of the grant period.
- C. 22** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute, a contract amendment with the Department of Health Care Services, effective July 1, 2014, to make technical adjustments to the budgets and decrease the amount payable to County by \$236,392, to a new payment limit not to exceed \$32,595,452, for continuation of the Substance Abuse Services, Prevention and Treatment Program with no change in the original term of July 1, 2014 through June 30, 2017. (No County match)
- C. 23** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute an interagency agreement with The Tides Center to pay County an amount not to exceed \$253,000 to provide mental health services and crisis intervention for students and families in the School Engagement Program, for the period July 1, 2016 through June 30, 2017. (No County match)
- C. 24** APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract amendment with the California Department of Education to increase the payment limit by \$269,145 to new payment limit of \$4,307,390, to provide CALWORKS Stage 2 childcare and development programs with no change to the term of July 1, 2014 through June 30, 2015. (No County match)

APPROVE and AUTHORIZE execution of agreement between the County and the following parties as noted for the purchase of equipment and/or services:

- C. 25** APPROVE and AUTHORIZE the Purchasing Agent on behalf of the Assessor's Office to execute a Purchase Order with SamClar in an amount not to exceed \$790,790 for seating, work stations, and filing systems for the period August 9, 2016 through July 31, 2017 as part of the office remodel project at 2530 Arnold Drive, Suite 400. (100% General Fund)
- C. 26** APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract amendment with Robert Half International, Inc., effective June 30, 2016, to extend the term from June 30, 2016 through June 30, 2017 and increase the payment limit by \$723,200 to a new payment limit of \$2,287,025, to provide additional temporary information technology services. (10% County, 45% State, 45% Federal)

- C. 27** APPROVE and AUTHORIZE the Public Works Director, or designee, to execute a contract amendment with Plan B Works, to extend the term from November 9, 2016 through February 2, 2017 and increase the payment limit by \$150,000 to a new payment limit of \$385,000, to assist in the creation of asset management decision support tools, Countywide. (100% Various Special Revenue Funds)
- C. 28** APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract with Lincoln, a nonprofit corporation, in an amount not to exceed \$118,956 to provide services at Park Middle School in Antioch, to youth and their families to improve school engagement, prevent juvenile justice involvement, and reduce recidivism for the period November 1, 2016 through October 31, 2017. (100% Federal)
- C. 29** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Kermit Johnson, M.D., in an amount not to exceed \$232,960, to provide outpatient psychiatric services to mentally ill adults in Central County, for the period August 15, 2016 through July 31, 2017. (100% Mental Health Realignment)
- C. 30** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with FCS, Inc., in an amount not to exceed \$104,000 to recruit psychiatrists for the Behavioral Health Services Division Mental Health Adult Outpatient Psychiatry Program, for the period August 1, 2016 through July 31, 2017. (100% Mental Health Realignment)
- C. 31** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Neil Sachs, M.D., in an amount not to exceed \$218,400 to provide outpatient psychiatric services to patients in West County for the period October 1, 2016 through September 30, 2017. (100% Mental Health Realignment)
- C. 32** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Diablo Valley Oncology and Hematology Medical Group, Inc., in an amount not to exceed \$2,000,000 to provide hematology, oncology and urology services to Contra Costa Health Plan (CCHP) members, for the period August 1, 2016 through July 31, 2018. (100% CCHP Enterprise Fund II)
- C. 33** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Mt. Diablo-Solano Oncology Group Medical Associates in an amount not to exceed \$3,000,000 to provide hematology/oncology services to Contra Costa Health Plan (CCHP) members, for the period August 1, 2016 through July 31, 2018. (100% CCHP Enterprise Fund II)
- C. 34** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Contra Costa Infectious Disease Medical Group, Inc., in an amount not to exceed \$200,000 to provide infectious disease services to Contra Costa Health Plan (CCHP) members, for the period August 1, 2016 through July 31, 2018. (100% CCHP Enterprise Fund II)

- C. 35** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract amendment with Johnson & Johnson Health and Wellness Solutions, Inc., effective July 1, 2016, with no change in the original payment limit of \$225,000 or original term of June 1, 2015 through May 31, 2018, to modify the rate sheet. (100% Contra Costa Health Plan Enterprise Fund II)
- C. 36** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Kon Hsin W. Chen (dba K.H. Connie Wang, O.D.), in an amount not to exceed \$150,000 to provide optometry services to Contra Costa Health Plan (CCHP) members for the period August 1, 2016 through July 31, 2018. (100% CCHP Enterprise Fund II)
- C. 37** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Affiliates In Imaging, A Medical Group, Inc. in an amount not to exceed \$300,000 to provide diagnostic imaging interpretation services to Contra Costa Health Plan (CCHP) members, for the period August 1, 2016 through July 31, 2018. (100% CCHP Enterprise Fund II)
- C. 38** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Contra Costa ARC in an amount not to exceed \$2,045,722 to provide community-based mental health services to high risk youth and their families for the period July 1, 2016 through June 30, 2017, with a six-month automatic extension through December 31, 2017 in an amount not to exceed \$1,022,861. (50% Federal Financial Participation; 50% County Realignment)
- C. 39** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Seneca Family of Agencies in an amount not to exceed \$7,732,518 to provide mobile crisis response and children's mental health services for the period July 1, 2016 through June 30, 2017, with a six-month automatic extension through December 31, 2017 in an amount not to exceed \$3,856,259. (45% Federal Financial Participation; 45% County Realignment; 5% County General Fund; 5% Mental Health Services Act)
- C. 40** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Modesto Residential Living Center, LLC, in an amount not to exceed \$142,350 to provide augmented board and care services for County-referred mentally disordered clients, for the period September 1, 2016 through August 31, 2017. (100% Mental Health Services Act)
- C. 41** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Shaista Rauf, M.D., in an amount not to exceed \$720,000 to provide neurology services at Contra Costa Regional Medical Center and Health Centers, for the period September 1, 2016 through August 31, 2019. (100% Hospital Enterprise Fund I)

- C. 42** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute, a contract containing modified indemnification language, with the County of Santa Clara for its Santa Clara Valley Medical Center, in an amount not to exceed \$60,000 to provide laboratory testing services for Contra Costa Regional Medical Center and Health Centers, for the period July 1, 2016 through June 30, 2017. (100% Hospital Enterprise Fund I)
- C. 43** APPROVE and AUTHORIZE the Purchasing Agent to execute, on behalf of the Health Services Director, purchase order amendment with Cardinal Health Pharmacy Services, LLC, to increase the payment limit by \$2,000,000 for a new payment limit of \$26,000,000 for pharmaceuticals and related supplies at Contra Costa Regional Medical Center and Health Centers, with no change in the term of September 1, 2015 through August 31, 2016. (100% Hospital Enterprise Fund I)
- C. 44** APPROVE and AUTHORIZE the Auditor-Controller, or designee, to issue payment to ProTransport-1, LLC, in the amount of \$34,304 for non-emergency ambulance transportation services rendered during the period November 1, 2014 through June 30, 2015. (100% Hospital Enterprise Fund I)
- C. 45** APPROVE and AUTHORIZE the Health Services Director, or designee, to execute a contract with Planned Parenthood, Shasta Diablo, Inc., in an amount not to exceed \$1,214,000 to provide prenatal services for Contra Costa Regional Medical Center and Health Center patients, for the period July 1, 2016 through June 30, 2017. (100% Hospital Enterprise Fund I)
- C. 46** APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract with Aspiranet, a nonprofit corporation, in an amount not to exceed \$388,800 to provide Early Head Start Program enhancement services for the period July 1, 2016 through June 30, 2017. (100% Federal)
- C. 47** APPROVE and AUTHORIZE the Child Support Services Director, or designee, to execute a contract containing modified indemnification language with Integrated Information Systems, Inc., in an amount not to exceed \$56,670 for the license and maintenance to the TurboCourt software system for the period July 1, 2016 through June 30, 2017. (66% Federal, 34% State)
- C. 48** APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract with Contra Costa Child Care Council in an amount not to exceed \$312,000 to provide Early Head Start Program enhancement services for the period July 1, 2016 through June 30, 2017. (100% Federal)

Other Actions

- C. 49** ADOPT Resolution No. 2016/474 authorizing the issuance of Multifamily Housing Revenue Bonds by the California Public Finance Authority in an amount not to exceed \$12,000,000 for the benefit of Willowbrook Affordable Communities, L.P., or a partnership created by Islas Development, LLC, to provide financing for the costs of acquisition, rehabilitation, improvement and equipping of a multifamily housing development commonly known as Willowbrook Apartments, a 72-unit residential rental housing development located at 110 Bailey Road, Bay Point, California, as recommended by the Conservation and Development Director. (100% Special Revenue Funds)
- C. 50** APPROVE the Notice of Intention to sell vacant single family residences owned by Contra Costa County, as recommended by the Public Works Director. (100% General Fund)
- C. 51** ADOPT Resolution No. 2016/479, WAIVE the payment of interest in the approximate amount of \$30,598 and accept \$29,371.31 in full satisfaction of the judgment against Leland Amos for an action brought by the Office of Revenue Collections, and DIRECT County Counsel, or designee, to execute a release of the lien securing the judgment against Mr. Amos, recorded against 1891 Second Ave. in Walnut Creek, as recommended by the Health Services Department and the County Administrator.
- C. 52** ADOPT Resolution No. 2016/480 authorizing the issuance of Multifamily Housing Revenue Bonds in an amount not to exceed \$24,000,000 to provide financing for the costs of acquisition and construction of Tabora Gardens Senior Apartments in Antioch, as recommended by the Conservation and Development Director. (100% Special Revenue Funds)
- C. 53** APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents to loan \$700,000 in HOME Investment Partnership Act, \$650,000 in Housing Opportunities for Persons with HIV/AIDs, \$550,000 in Neighborhood Stabilization and \$1,100,000 in Summer Lake Affordable Housing Trust funds to Tabora Gardens L.P., a California limited partnership, for the development of the Tabora Gardens Senior Apartment project in Antioch. (63% Federal funds and 37% local trust funds)
- C. 54** ADOPT Resolution No. 2016/478 authorizing the issuance of Multifamily Housing Revenue Bonds in an amount not to exceed \$19,200,000 to provide financing for the costs of construction of Riviera Family Apartments in Walnut Creek, as recommended by the Conservation and Development Director. (100% Special Revenue Funds)

GENERAL INFORMATION

The Board meets in all its capacities pursuant to Ordinance Code Section 24-2.402, including as the Housing Authority and the Successor Agency to the Redevelopment Agency. Persons who wish to address the Board should complete the form provided for that purpose and furnish a copy of any written statement to the Clerk.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Clerk of the Board to a majority of the members of the Board of Supervisors less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, First Floor, Room 106, Martinez, CA 94553, during normal business hours.

All matters listed under CONSENT ITEMS are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Board or a member of the public prior to the time the Board votes on the motion to adopt.

Persons who wish to speak on matters set for PUBLIC HEARINGS will be heard when the Chair calls for comments from those persons who are in support thereof or in opposition thereto. After persons have spoken, the hearing is closed and the matter is subject to discussion and action by the Board. Comments on matters listed on the agenda or otherwise within the purview of the Board of Supervisors can be submitted to the office of the Clerk of the Board via mail: Board of Supervisors, 651 Pine Street Room 106, Martinez, CA 94553; by fax: 925-335-1913.

The County will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Clerk of the Board at least 24 hours before the meeting, at (925) 335-1900; TDD (925) 335-1915. An assistive listening device is available from the Clerk, Room 106.

Copies of recordings of all or portions of a Board meeting may be purchased from the Clerk of the Board. Please telephone the Office of the Clerk of the Board, (925) 335-1900, to make the necessary arrangements.

Forms are available to anyone desiring to submit an inspirational thought nomination for inclusion on the Board Agenda. Forms may be obtained at the Office of the County Administrator or Office of the Clerk of the Board, 651 Pine Street, Martinez, California.

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www.co.contra-costa.ca.us

STANDING COMMITTEES

The **Ad Hoc on Sustainability Committee** (Supervisors Federal D. Glover and John Gioia)

The **Airport Committee** (Supervisors Mary N. Piepho and Karen Mitchoff) meets monthly on the fourth Wednesday of the month at 1:30 p.m. at Director of Airports Office, 550 Sally Ride Drive, Concord.

The **Family and Human Services Committee** (Supervisors Candace Andersen and Federal D. Glover) meets on the second Monday of the month at 1:00 p.m. in Room 101, County

Administration Building, 651 Pine Street, Martinez.

The **Finance Committee** (Supervisors Federal D. Glover and Mary N. Piepho) meets on the second Thursday of the month at 10:30 a.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

The **Hiring Outreach Oversight Committee** (Supervisors Karen Mitchoff and John Gioia) meets on the second Monday of the month at 9:00 a.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

The **Internal Operations Committee** (Supervisors John Gioia and Candace Andersen) meets on the fourth Monday of the month at 11:00 a.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

The **Legislation Committee** (Supervisors Federal D. Glover and Karen Mitchoff) meets on the second Monday of the month at 10:30 a.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

The **Public Protection Committee** (Supervisors Candace Andersen and John Gioia) meets on the fourth Monday of the month at 9:00 a.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

The **Transportation, Water & Infrastructure Committee** (Supervisors Mary N. Piepho and Candace Andersen) meets on the second Thursday of the month at 1:00 p.m. in Room 101, County Administration Building, 651 Pine Street, Martinez.

Ad Hoc Committee	August 22, 2016	12:30 p.m.	See above
Airports Committee	September 28, 2016	1:30 p.m.	See above
Family & Human Services Committee	September 12, 2016	1:00 p.m.	See above
Finance Committee	August 11, 2016	10:30 a.m.	See above
Hiring Outreach Oversight Committee	September 12, 2016	9:00 a.m.	See above
Internal Operations Committee	August 22, 2016	11:00 a.m.	See above
Legislation Committee	September 12, 2016	10:30 a.m.	See above
Public Protection Committee	Special Meeting August 15, 2016	12:00 p.m.	See above
Transportation, Water & Infrastructure Committee	August 11, 2016	1:00 p.m.	See above

AGENDA DEADLINE: Thursday, 12 noon, 12 days before the Tuesday Board meetings.

Glossary of Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB Assembly Bill
ABAG Association of Bay Area Governments
ACA Assembly Constitutional Amendment
ADA Americans with Disabilities Act of 1990
AFSCME American Federation of State County and Municipal Employees
AICP American Institute of Certified Planners
AIDS Acquired Immunodeficiency Syndrome
ALUC Airport Land Use Commission
AOD Alcohol and Other Drugs
ARRA American Recovery & Reinvestment Act of 2009
BAAQMD Bay Area Air Quality Management District
BART Bay Area Rapid Transit District
BayRICS Bay Area Regional Interoperable Communications System
BCDC Bay Conservation & Development Commission
BGO Better Government Ordinance
BOS Board of Supervisors
CALTRANS California Department of Transportation
CalWIN California Works Information Network
CalWORKS California Work Opportunity and Responsibility to Kids
CAER Community Awareness Emergency Response
CAO County Administrative Officer or Office
CCCPCFD (ConFire) Contra Costa County Fire Protection District
CCHP Contra Costa Health Plan
CCTA Contra Costa Transportation Authority
CCRMC Contra Costa Regional Medical Center
CCWD Contra Costa Water District
CDBG Community Development Block Grant
CFDA Catalog of Federal Domestic Assistance
CEQA California Environmental Quality Act
CIO Chief Information Officer
COLA Cost of living adjustment
ConFire (CCCPCFD) Contra Costa County Fire Protection District
CPA Certified Public Accountant
CPI Consumer Price Index
CSA County Service Area
CSAC California State Association of Counties
CTC California Transportation Commission

dba doing business as
DSRIP Delivery System Reform Incentive Program
EBMUD East Bay Municipal Utility District
ECCFPD East Contra Costa Fire Protection District
EIR Environmental Impact Report
EIS Environmental Impact Statement
EMCC Emergency Medical Care Committee
EMS Emergency Medical Services
EPSDT Early State Periodic Screening, Diagnosis and Treatment Program (Mental Health)
et al. et alii (and others)
FAA Federal Aviation Administration
FEMA Federal Emergency Management Agency
F&HS Family and Human Services Committee
First 5 First Five Children and Families Commission (Proposition 10)
FTE Full Time Equivalent
FY Fiscal Year
GHAD Geologic Hazard Abatement District
GIS Geographic Information System
HCD (State Dept of) Housing & Community Development
HHS (State Dept of) Health and Human Services
HIPAA Health Insurance Portability and Accountability Act
HIV Human Immunodeficiency Syndrome
HOME Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households
HOPWA Housing Opportunities for Persons with AIDS Program
HOV High Occupancy Vehicle
HR Human Resources
HUD United States Department of Housing and Urban Development
IHSS In-Home Supportive Services
Inc. Incorporated
IOC Internal Operations Committee
ISO Industrial Safety Ordinance
JPA Joint (exercise of) Powers Authority or Agreement
Lamorinda Lafayette-Moraga-Orinda Area
LAFCo Local Agency Formation Commission
LLC Limited Liability Company
LLP Limited Liability Partnership
Local 1 Public Employees Union Local 1
LVN Licensed Vocational Nurse
MAC Municipal Advisory Council
MBE Minority Business Enterprise
M.D. Medical Doctor
M.F.T. Marriage and Family Therapist
MIS Management Information System
MOE Maintenance of Effort
MOU Memorandum of Understanding
MTC Metropolitan Transportation Commission
NACo National Association of Counties

NEPA National Environmental Policy Act
OB-GYN Obstetrics and Gynecology
O.D. Doctor of Optometry
OES-EOC Office of Emergency Services-Emergency Operations Center
OPEB Other Post Employment Benefits
OSHA Occupational Safety and Health Administration
PARS Public Agencies Retirement Services
PEPRA Public Employees Pension Reform Act
Psy.D. Doctor of Psychology
RDA Redevelopment Agency
RFI Request For Information
RFP Request For Proposal
RFQ Request For Qualifications
RN Registered Nurse
SB Senate Bill
SBE Small Business Enterprise
SEIU Service Employees International Union
SUASI Super Urban Area Security Initiative
SWAT Southwest Area Transportation Committee
TRANSPAC Transportation Partnership & Cooperation (Central)
TRANSPLAN Transportation Planning Committee (East County)
TRE or **TTE** Trustee
TWIC Transportation, Water and Infrastructure Committee
UASI Urban Area Security Initiative
VA Department of Veterans Affairs
vs. versus (against)
WAN Wide Area Network
WBE Women Business Enterprise
WCCTAC West Contra Costa Transportation Advisory Committee



Contra
Costa
County

To: Board of Supervisors
From: Russell Watts, Treasurer-Tax Collector
Date: August 9, 2016

Subject: Rescission of Tax Sale

RECOMMENDATION(S):

- (1) OPEN the public hearing to consider whether the tax sale of Assessor's Parcel Number 410-152-034 to Emmanuel V. Okereke should be rescinded;
- (2) RECEIVE and CONSIDER the submissions and statements concerning rescission of the tax sale of Assessor's Parcel Number 410-152-034;
- (3) CLOSE the hearing;
- (4) ORDER the tax sale of Assessor's Parcel Number 410-152-034 to Emmanuel V. Okereke rescinded and AUTHORIZE the Treasurer-Tax Collector to take the necessary steps to effectuate the rescission in accordance with the Revenue and Taxation Code;
- (5) AUTHORIZE and DIRECT the Auditor-Controller to refund the total purchase price of \$65,342.00 with interest as determined under Revenue and Taxation Code section 5151.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Brice Bins, (925)
957-2848

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

FISCAL IMPACT:

The purchase price will be refunded to the tax sale purchaser from the Tax Sale Trust Fund and the interest rate on the purchase price will be refunded to the tax sale purchaser from the General Fund at the rate determined under Revenue and Taxation section 5151.

BACKGROUND:

The parcel that is the subject of the rescission is Assessor's Parcel Number 410-152-034 (the "Property"), an unimproved property located on California Avenue in San Pablo. The Property became tax defaulted on July 1, 2010 for non-payment of secured property taxes and, in accordance with Revenue and Taxation Code section 3691, the Treasurer-Tax Collector recorded the power to sell the Property on July 1, 2015. During the Treasurer-Tax Collector's public auction of tax-defaulted property on February 23, 2016, Emmanuel V. Okereke purchased the Property for \$65,342.00, an amount sufficient to satisfy the delinquent secured property taxes, including the transfer tax. The tax deed to Mr. Okereke was recorded on March 11, 2016.

On April 4, 2016, the County received an objection to the tax sale from the previous owner of the property, Jose Francisco Penado. Mr. Penado claimed that the Property had been sold at auction without his knowledge. After review of the objection from Mr. Penado, the Treasurer-Tax Collector's Office determined that the Assessor's Office had not updated their records to reflect Mr. Penado's purchase of the Property in 2009. Therefore, the Treasurer-Tax Collector's Office had notified the previous owner of record of the tax sale, rather than Mr. Penado.

After considering Mr. Penado's objection, the Treasurer-Tax Collector determined the sale should be rescinded on the grounds that Mr. Penado was not sent the required statutory notice of the tax sale. The Assessor's Office concurs that a rescission of the tax sale for the Property is warranted under the circumstances. Based on this conclusion, the Treasurer-Tax Collector sent an April 28, 2016 letter to the purchaser, Mr. Okereke, requesting that he consent to rescind the sale. However, Mr. Okereke has not agreed to do so to date.

Pursuant to Revenue and Taxation Code section 3731, if the written consent of the purchaser of the Property or a successor in interest is not obtained, the sale may be rescinded by the Board of Supervisors when both of the following conditions are met:

- (1) A hearing is scheduled before the Board of Supervisors; and
- (2) A notification is provided to the purchaser of the hearing scheduled before the Board of Supervisors.

These statutory conditions have been met. The Treasurer-Tax Collector has notified all interested parties, which include the purchaser and the previous owner of the Property, of the hearing time and place concerning rescission of the tax sale. County Counsel has also provided written consent to the rescission as required under Section 3731.

There are no statutory impediments to the rescission because the Property has not been transferred or conveyed by the purchaser at the tax sale to a bona fide purchaser for value and it has not become subject to a bona fide encumbrance for value subsequent to recordation of the tax deed. In addition, in connection with the tax sale, Mr. Okereke accepted the Treasurer-Tax Collector's Public Auction Terms and Conditions, which provide that if the Treasurer-Tax Collector determines the Property should not have been sold, Mr. Okereke will consent to rescission of the tax sale.

If the Board concurs with the Treasurer-Tax Collector and rescinds the sale, Mr. Penado, as the owner of the Property, will be responsible for the delinquent and current taxes and assessments that are owed on the Property and any associated charges. When the rescission is recorded, the sale becomes null and void, as though it never occurred.

CONSEQUENCE OF NEGATIVE ACTION:

If the rescission is not approved, the tax sale will not be rescinded without court intervention.

ATTACHMENTS

Attachment 1

Attachment 2

Attachment 3

Attachment 4

Attachment 5

Attachment 6

Attachment 7

Attachment 8

114

LSI TITLE AGENCY, INC.

RECORDING REQUESTED BY:
LSI Title Company (CA)

AND WHEN RECORDED MAIL TO:

Jose Francisco Penado
1825 California Avenue
San Pablo, CA 94806

2

CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2009-0157596-00

Check Number

Monday, JUL 06, 2009 11:06:00

CCC \$44.00:RIC \$280.00:MOD \$2.00

REC \$6.00:FTC \$1.00:NCP \$6.00

RED \$1.00:

Ttl Pd \$340.00

Nbr-0000184775

rrc/RJ/1-2

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 080129961

Escrow No.: 074835-PM

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX is \$44.00 CITY TRANSFER TAX \$280.00

[X] computed on full value of property conveyed, or

[] computed on full value less value of liens or encumbrances remaining at time of sale,

[] Unincorporated area [X] City of San Pablo AND

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Aurora Loan Services, LLC

hereby GRANT(s) to:

Jose Francisco Penado, WIDOWER

the real property in the City of San Pablo, County of Contra Costa, State of California, described as:

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF

Also Known as: 1825 California Avenue, San Pablo, CA 94806

AP#: 410-152-035

DATED June 22, 2009

STATE OF Colorado

COUNTY OF San Pablo

On June 22, 2009

before me, Maria L. Orozco

A Notary Public in and for said State personally appeared

Norma J. Dudgeon, AVP

Aurora Loan Services, LLC

By: [Signature]

LPS Asset Management Solutions,
as attorney in fact

Norma J. Dudgeon, AVP

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.



My Commission Expires 6/14/09

Signature [Signature]

(Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE:

Escrow No.: 074835-PM
Date: June 22, 2009

"EXHIBIT A"
LEGAL DESCRIPTION

LOTS 31 AND 32 IN BLOCK 20, MAP OF EMERIC SUBDIVISION, NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF CONTRA COSTA, FILED MAY 4, 1908 IN MAP BOOK 1, PAGE, 21, CONTRA COSTA COUNTY RECORDS.

END OF DOCUMENT

CONTRA COSTA COUNTY TREASURER-TAX COLLECTOR

Annual Public Auction Terms and Conditions

GENERAL TAX SALE INFORMATION

The public auction list is NOT available at this time. Information will be available mid-January 2016.
See below for general tax sale information.

The Contra Costa County Treasurer-Tax Collector does not maintain a permanent tax sale mailing list. The next public auction will be conducted online and is scheduled to run from Saturday, February 20, 2016 through Tuesday, February 23, 2016. Our Internet Auction site is hosted by Bid4Assets.com.

- Prospective purchasers will be asked to register via the Internet. Each registered bidder will receive an identification number, which the bidder must have in order to participate. All parcels will be sold by asset number and in the order listed. Minimum bids will be as stated per parcel and each raise will be in increments of at least \$100 until sold.
- The descriptions provided are based on the official records of the Contra Costa County Assessor-Recorder's Office and are presumed to be correct. The property to be sold may be approximately located from maps available for viewing at the Internet Auction Advertising Service Provider's website address.
- Any personal property, such as a mobile home or equipment located on the property, is not a part of the sale.
- The right of the former owner to redeem any parcel is forfeited as of 5:00 p.m. on the last business day prior to the sale.
- Prospective purchasers are urged to examine the title, location and desirability of the properties available to their own satisfaction prior to the sale. **ALL PROPERTIES ARE SOLD AS IS.** The County of Contra Costa makes no guarantee, expressed or implied, relative to the title, location or condition of the properties for sale. All property taxes currently due will be paid from the proceeds of the sale.
- **PLEASE NOTE: PROSPECTIVE PURCHASERS ARE ADVISED THAT SOME BONDS OR OTHER ASSESSMENTS WHICH ARE LEVIED BY AGENCIES OR OFFICES OTHER THAN THE TREASURER-TAX COLLECTOR MAY STILL BE OUTSTANDING AFTER THE TAX SALE; IN ADDITION, THE I.R.S. HAS THE OPTION OF REDEEMING, UP UNTIL 120 DAYS AFTER THE SALE, ANY PROPERTY ON WHICH THERE IS AN I.R.S. LIEN RECORDED.**
- **NOTICE OF CONTAMINATED / POSSIBLE CONTAMINATED PROPERTIES:**
When we become aware of properties on our sales list that are known or suspected to be contaminated, we will identify these properties and the Lead Agency's name and address where all available information may be reviewed. **DO NOT** bid on these properties unless you understand the issues related to contaminated properties. Prior to bidding, you should contact your attorney regarding the possible purchase of contaminated properties.
- The tax sale information will be updated daily and will not be finalized until the day of the sale. Please read all due diligence materials and check the spreadsheets for updates.
- The successful bidder may take possession of the property after the tax deed to purchaser has been recorded. Most title companies will not insure title on properties sold at public auction for at least one (1) year after the tax deed has been recorded. Legal action to challenge a tax sale must be commenced within one (1) year of the tax recording date.

- A California documentary transfer tax will be added to, and collected with, the full purchase price. This tax is calculated at the rate of \$.55 for each \$500.00 or fractional part thereof, if the purchase price exceeds \$100.00.
- Purchasers of property within the city of Richmond must also pay a City Transfer Tax in addition to the Documentary Transfer Tax. The rate for this city tax is \$7.00 per \$1,000.00 of the purchase price.
- Payment in full by wire transfer, money order or cashier's check (made payable to Bid4Assets), will be required within 3 business days of the close of the auction. No business checks, personal checks or credit cards will be accepted. Payments in excess of the purchase price will be refunded by mail within 30 days.
- Prior to payment, successful bidders will be required to submit their deed information to Internet Auction Advertising Service Provider indicating how they want their new property to be conveyed. The deed will be mailed to the purchaser after recording, usually within eight to twelve weeks. This deed conveys all right, title, and interest to the property in accordance with the provisions of Revenue and Taxation Code section 3712.
- Only a successful bidder has the opportunity to purchase Contra Costa County assets. If the successful bidder defaults, under California State Law, Contra Costa County cannot resort to the second highest bidder. If the payment policy is not adhered to, the bid deposit will be forfeited to the County and the successful bidder may be banned from future sales for 5 years.
- **RESEARCH BEFORE YOU INVEST!** The sale of these properties should not, in any way, be equated to real estate sales by licensed salesmen, brokers and realtors. The Contra Costa County Treasurer-Tax Collector cannot guarantee the condition of the property nor assume any responsibility for conformance to codes, permits or zoning ordinances. You should inspect the property before investing. The burden is on the purchaser to thoroughly research, before the sale, any matters relevant to his or her decision to purchase, rather than on the County, whose sole interest is the recovery of back taxes.
- It is recommended that bidders consult with the Zoning Department of any city within which a particular parcel lies. Tax-defaulted property will be sold on an "as is" basis.
- As a condition of bidding on a tax-defaulted property in the County of Contra Costa, if the County subsequently determines that a property sold by the Tax Collector should not have been sold because it was County property, not in tax-default, or for any other legal reason, the successful bidder consents to the rescission of the sale as provided in Revenue and Taxation Code Section 3731. To rescind the sale, if a tax deed has been recorded, the registered bidder agrees to sign all required forms to cancel and rescind the erroneous sale and understands that the County will refund only the purchase amount paid and that the Tax Collector and the County of Contra Costa have no further liability in the matter.
- Should the successful purchaser desire a survey of the property, it will be at the purchaser's own initiative and expense. No warranty is made by the County, either expressed or implied, relative to the usability, the ground location, or property lines of the properties. The exact location, desirability, and usefulness of the properties must be determined by the prospective purchaser.
- The County is not liable for the failure of any device that is not owned, operated, and managed by the state or county, that prevents a person from participating in any sale. "Device" includes, but is not limited to, computer hardware, a computer network, a computer software application, and a computer Web site.
- The County assumes no liability for any other possible liens, encumbrances or easements, recorded or not recorded. When property is sold at public auction on which the IRS holds a tax lien, the United States has the right of redemption for 120 days from the date of such sale (26 USC Sec. 3712(g) and 7425(d)). The IRS will pay the actual amount paid for the property by the bidder, plus interest at 6% per annum from the date of sale, plus the expenses of sale that exceed any income received from the property.
- **ALL SALES ARE FINAL.**

RUSSELL V. WATTS
TAX COLLECTOR

When recorded mail to:
RUSSELL V. WATTS
TAX COLLECTOR
P.O. Box 631
Martinez, CA 94553

CONTRA COSTA Co Recorder Office

JOSEPH CANCIAMILLA, Clerk-Recorder

DOC- 2016-0042120-00

Check Number

Friday, MAR 11, 2016 10:01:11

SAN \$72.05 MOD \$2.00 REC \$12.00

FTC \$1.00 RED \$1.00 ERD \$1.00

TII Pd \$89.05 Nbr-0002530903

mom / R3 / 1-2



PA 100

Doc. Trans Tax-computed on full value of property conveyed \$72.05

City Transfer Tax

0

Signature of Declarant

TAX DEED TO PURCHASER OF TAX-DEFAULTED PROPERTY

On which the legally levied taxes were a lien for the Fiscal Year
and for nonpayment were duly declared to be in default.

2009-05994

Default Number

This deed, between the Tax Collector of Contra Costa County ("SELLER") and

Emmanuel U. Okereke, P.O. Box 30813, Oakland, CA 94604 ("PURCHASER or PURCHASERS")

conveys to the PURCHASER(S), free of all encumbrances of any kind existing before the sale, except those referred to in §3712 of the Revenue and Taxation Code, the real property described herein which the SELLER sold to the Purchaser(s) at a PUBLIC AUCTION ending on February 23, 2016, pursuant to a statutory power of sale in accordance with the provisions of Division 1, Part 6, Chapter 7, Revenue and Taxation Code for the sum of \$ \$65,200.00. No taxing agency objected to the sale. In accordance with law, the SELLER, hereby grants to the PURCHASER that real property situated in said county, State of California, last assessed to AURORA LOAN SERVICES LLC.

described as follows:

410-152-034-6

Assessor's Parcel Number

FOR A DESCRIPTION OF THE REAL PROPERTY REFERRED TO SEE "EXHIBIT A,"
ATTACHED HERETO AND MADE A PART HEREOF.

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

Contra Costa County

Executed on February 23, 2016

By

Tax Collector

MAR 10 2016

On MAR 10 2016, before me, Danielle Goodbar, Notary Public personally appeared RUSSELL V. WATTS, who proved to me on the basis of satisfactory evidence to be both the Tax Collector of said county and the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity as Tax Collector, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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

Danielle L. Goodbar

Notary's Signature

§53708, 3804 R&T Code, SCO 8-19 (2-13)

(seal)



Page 2
EXHIBIT "A"

Parcel: 410-152-034-6 2009-05994

City/Area: City of San Pablo

Lot 31, in Block 20, map of "Emeric Subdivision No. 2, in the City of San Pablo, County of Contra Costa", filed May 4, 1908 in Map Book 1, Page 21, Contra Costa County Records.

"END OF DOC"

Office of the Treasurer-Tax Collector

Contra Costa County



Russell V. Watts
Treasurer-Tax Collector
April 28, 2016

Brice E. Bins
Chief Deputy
Treasurer-Tax Collector

Corrie Gideon
Tax Operations Supervisor

COPY

Emmanuel U. Okereke
3909 Jenkins Way
San Pablo, CA 94806

Re: Rescission of Tax Deed for Parcel # 410-152-034

Dear Mr. Okereke,

This letter follows up my April 11, 2016 letter concerning the possible rescission of the sale to you at the Contra Costa County Treasurer-Tax Collector's auction of tax-defaulted properties on February 23, 2016 of Assessor's Parcel Number 410-152-034. I regret to inform you that the parcel should not have been offered at the auction.

Due to a clerical error, the previous owner of the parcel was provided with an insufficient opportunity to pay the taxes due on the parcel prior to the auction. For this reason, the property should not have been offered for sale.

With your consent, the sale may be rescinded by the County's board of supervisors without the need for a hearing. Rev. & Tax. Code, § 3731, subdiv. (a). If you agree, you will receive a refund of the parcel purchase price plus interest at a rate provided by law.

If you consent to rescission of the sale of APN 410-152-034, please contact my office by May 16, 2016 by email brice.bins@tax.cccounty.us or phone 925-957-2888, to discuss the next steps. If we do not hear from you by May 16, 2016, we will proceed to set a hearing before the County board of supervisors on rescission of the sale.

Sincerely,

RUSSELL V. WATTS
Contra Costa County Treasurer-Tax Collector

A handwritten signature in black ink, appearing to read "Brice E. Bins", written over a horizontal line.

By: Brice E. Bins
Chief Deputy, Treasurer-Tax Collector



Office of the Treasurer-Tax Collector

Contra Costa County



Russell V. Watts
Treasurer-Tax Collector

Brice E. Bins
Chief Deputy
Treasurer-Tax Collector

Corrie Gideon
Tax Operations Supervisor

Via Certified Mail, Return Receipt Requested

Emmanuel U. Okereke
P.O. Box 30813
Oakland, California 94604

**Re: Notification of Hearing re Rescission of Tax Deed [Cal. Rev. & Tax., § 3731(b)]
Assessor's Parcel Number 410-152-034**

Dear Mr. Okereke:

This letter is to inform you that there will be a hearing before the Contra Costa County Board of Supervisors concerning rescission of the tax deed recorded on or about March 11, 2016 as Instrument Number 2016-0042120 in Official Records of Contra Costa County, State of California (the "Tax Deed"). The Tax Deed relates to vacant land that you purchased at the February 23, 2016 tax sale (the "Property"), which is identified as Assessor's Parcel Number ("APN") 410-152-034 and described in the Tax Deed as follows:

**LOT 31, IN BLOCK 20, MAP OF "EMERIC SUBDIVISION
NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF
CONTRA COSTA", FILED MAY 4, 1908 IN MAP BOOK 1,
PAGE 21, CONTRA COSTA COUNTY RECORDS.**

The hearing on the rescission of the Tax Deed will take place on **August 9, 2016 at 9:00 a.m.**, or as soon thereafter as the matter may be heard, at the following location:

**Board of Supervisors Chambers
651 Pine Street, Room 107
Martinez, California 94553**

COPY



The Tax Collector is recommending that the Contra Costa County Board of Supervisors rescind the Tax Deed because, due to a clerical error, the Tax Collector's Office did not receive the most current property owner information from the Assessor's Office. Therefore, the person who owned the Property at the time of sale, Jose Francisco Penado, was not sent notice of the sale as required by statute. Under state law, Mr. Penado should have received notice of the tax sale not less than forty-five (45) nor more than 120 days before the proposed sale. (Cal. Rev. & Tax. Code, §§ 3701, 4675.)

After the February 23, 2016 tax sale, the Tax Collector's Office received an objection from Mr. Penado and a request to rescind the Tax Deed. (A copy of the Grant Deed to Mr. Penado, recorded on or about July 6, 2009 as Instrument No. 2009-0157596-00 in Official Records of Contra Costa County, State of California, is attached hereto and incorporated by reference.) Under these circumstances, the law requires that the Board of Supervisors conduct a noticed public hearing and then decide whether to rescind the Tax Deed. At the August 9, 2016 hearing before the Board of Supervisors, both you and Mr. Penado will have an opportunity to present information to the Board of Supervisors.

If the Board of Supervisors approves the rescission of the Tax Deed, a refund will be issued to you as the purchaser of the Property or the successor in interest, if applicable, for the purchase amount of the Property, plus interest at the county pool apportioned rate as specified in Revenue and Taxation Code section 5151 from the date of the purchase of the Property.

Please contact our office if you have any questions at 925-957-2888 and ask to speak with Brice Bins.

Sincerely,



Russell V. Watts
Tax Collector

Enclosure: Grant Deed

LSI TITLE AGENCY, INC.

RECORDING REQUESTED BY:
LSI Title Company (CA)

AND WHEN RECORDED MAIL TO:

Jose Francisco Penado
1825 California Avenue
San Pablo, CA 94806

CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2009-0157596-00

Check Number
Monday, JUL 06, 2009 11:06:00
CCC \$44.00:RIC \$280.00:MOD \$2.00
REC \$6.00:FTC \$1.00:NCP \$6.00
RED \$1.00:
Ttl Pd \$340.00
Nbr-0000184775
rrc/RJ/1-2

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 080129961

Escrow No.: 074835-PM

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX is \$44.00 CITY TRANSFER TAX \$280.00

☒ computed on full value of property conveyed, or

☐ computed on full value less value of liens or encumbrances remaining at time of sale.

☐ Unincorporated area ☒ City of San Pablo AND

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Aurora Loan Services, LLC

hereby GRANT(s) to:

Jose Francisco Penado, WIDOWER

the real property in the City of San Pablo, County of Contra Costa, State of California, described as:

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF

Also Known as: 1825 California Avenue, San Pablo, CA 94806

AP#: 410-152-035

DATED June 22, 2009

STATE OF California
COUNTY OF San Pablo

On June 22, 2009
before me, Maria L. Orozco
A Notary Public in and for said State personally appeared

Norma J. Dudgeon, AVP

Aurora Loan Services, LLC

By: [Signature]
LPS Asset Management Solutions,
as attorney in fact
Norma J. Dudgeon, AVP

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.



My Commission Expires 6/14/09

Signature [Signature]

(Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE:

Escrow No.: 074835-PM
Date: June 22, 2009

"EXHIBIT A"
LEGAL DESCRIPTION

LOTS 31 AND 32 IN BLOCK 20, MAP OF EMERIC SUBDIVISION, NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF CONTRA COSTA, FILED MAY 4, 1908 IN MAP BOOK 1, PAGE, 21, CONTRA COSTA COUNTY RECORDS.

END OF DOCUMENT

=====

COURT
815 COURT ST
MARTINEZ
CA
94553-9991
0547820087
06/22/2016 (800)275-8777 2:15 PM

=====

Product Description	Sale Qty	Final Price
First-Class Mail Large Envelope (Domestic) (OAKLAND, CA 94604) (Weight:0 Lb 1.30 Oz) (Expected Delivery Day) (Friday 06/24/2016)	1	\$1.15
Certified (USPS Certified Mail #) (70143490000134144689)	1	\$3.30
Return Receipt (USPS Return Receipt #) (9590940306225183796002)	1	\$2.70
Affixed Postage (Affixed Amount:\$7.15)	1	(\$7.15)
Total		\$0.00

BRIGHTEN SOMEONE'S MAILBOX. Greeting cards available for purchase at select Post Offices.

Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit USPS.com USPS Tracking or call 1-800-222-1811.

6994 4746 1000 0460 4702

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Postage	\$ 1.15
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.15



Sent To **E.V. OKEREKE**
Street & Apt. No., or PO Box No. **PO BOX 30813**
City, State, ZIP+4 **OAKLAND CA 9460**

PS Form 3800, July 2014 See Reverse for Inst

Office of the Treasurer-Tax Collector

Contra Costa County



Russell V. Watts
Treasurer-Tax Collector

Brice E. Bins
Chief Deputy
Treasurer-Tax Collector

Corrie Gideon
Tax Operations Supervisor

Via Certified Mail, Return Receipt Requested

COPY

Jose Francisco Penado
1825 California Avenue
San Pablo, California 94806

**Re: Notification of Hearing re Rescission of Tax Deed [Cal. Rev. & Tax., § 3731(b)]
Assessor's Parcel Number 410-152-034**

Dear Mr. Penado:

This letter is to inform you that there will be a hearing before the Contra Costa County Board of Supervisors concerning rescission of the tax deed recorded on or about March 11, 2016 as Instrument Number 2016-0042120 in Official Records of Contra Costa County, State of California (the "Tax Deed"). The Tax Deed relates to land that the Tax Collector sold at the February 23, 2016 tax sale (the "Property"), which is identified as Assessor's Parcel Number ("APN") 410-152-034 and described in the Tax Deed as follows:

**LOT 31, IN BLOCK 20, MAP OF "EMERIC SUBDIVISION
NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF
CONTRA COSTA", FILED MAY 4, 1908 IN MAP BOOK 1,
PAGE 21, CONTRA COSTA COUNTY RECORDS.**

The hearing on the rescission of the Tax Deed will take place on **August 9, 2016 at 9:00 a.m.**, or as soon thereafter as the matter may be heard, at the following location:

**Board of Supervisors Chambers
651 Pine Street, Room 107
Martinez, California 94553**



The Tax Collector is recommending that the Contra Costa County Board of Supervisors rescind the Tax Deed because, due to a clerical error, the Tax Collector's Office did not receive the most current property owner information from the Assessor's Office. Therefore, you were not sent notice of the sale as required by statute. Under state law, you should have received notice of the tax sale not less than forty-five (45) nor more than 120 days before the proposed sale. (Cal. Rev. & Tax. Code, §§ 3701, 4675.)

Under these circumstances, the law requires that the Board of Supervisors conduct a noticed public hearing and then decide whether to rescind the Tax Deed. At the August 9, 2016 hearing before the Board of Supervisors, both you and Emmanuel U. Okereke, the individual who purchased the Property at the tax sale, will have an opportunity to present information to the Board of Supervisors.

Please contact our office if you have any questions at 925-957-2888 and ask to speak with Brice Bins.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell V. Watts", written over a horizontal line.

Russell V. Watts
Tax Collector

LSI TITLE AGENCY, INC.

RECORDING REQUESTED BY:
LSI Title Company (CA)

AND WHEN RECORDED MAIL TO:

Jose Francisco Penado
1825 California Avenue
San Pablo, CA 94806

CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2009-0157596-00

Check Number
Monday, JUL 06, 2009 11:06:00
CCC \$44.00:RIC \$280.00:MOD \$2.00
REC \$8.00:FTC \$1.00:NCP \$8.00
RED \$1.00:
Ttl Pd \$340.00 Nbr-0000184775
rrc/RJ/1-2

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 080129981

Escrow No.: 074836-PM

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX is \$44.00 CITY TRANSFER TAX \$280.00

[X] computed on full value of property conveyed, or

[] computed on full value less value of liens or encumbrances remaining at time of sale.

[] Unincorporated area [X] City of San Pablo AND

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged.

Aurora Loan Services, LLC

hereby GRANT(s) to:

Jose Francisco Penado, WIDOWER

the real property in the City of San Pablo, County of Contra Costa, State of California, described as:

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF

Also Known as: 1825 California Avenue, San Pablo, CA 94806

AP#: 410-152-035

DATED June 22, 2009

STATE OF Colorado

COUNTY OF San Pablo

On June 22, 2009

before me, Maria L. Orozco

A Notary Public in and for said State personally appeared

Norma J. Dudgeon, AVP

Aurora Loan Services, LLC

By [Signature]

LPS Asset Management Solutions,
as attorney in fact

Norma J. Dudgeon, AVP

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.

MARIA L. OROZCO
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 6/14/09

Signature [Signature]

(Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW, IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE:

Escrow No.: 074835-PM
Date: June 22, 2009

"EXHIBIT A"
LEGAL DESCRIPTION

LOTS 31 AND 32 IN BLOCK 20, MAP OF EMERIC SUBDIVISION, NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF CONTRA COSTA, FILED MAY 4, 1908 IN MAP BOOK 1, PAGE, 21, CONTRA COSTA COUNTY RECORDS.

END OF DOCUMENT

U.S. Postal Service™
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For delivery information, visit our website at www.usps.com®.

SAN CARLOS CA 95061
MAIL USE

Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee \$)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$2.70
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$0.47
Total Postage and Fees	\$6.47

Sent To
 Street and Apt. No. or PO Box No.
1015 Francisco Periodic
 City, State, Zip+4
San Francisco, CA 94115

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

1122 1825 1000 0321 5102

COURT
 815 COURT ST
 MARTINEZ
 CA

94553-9991
 0547820087

06/28/2016 (800)275-8777 11:37 AM

Product Description	Sale Qty	Final Price
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First-Class Mail Letter (Domestic)	1	\$0.47
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(Domestic)
 (SAN PABLO, CA 94806)
 (Weight: 0 Lb 0.90 Oz)
 (Expected Delivery Day)
 (Thursday 06/30/2016)

Certified (USPS Certified Mail #)	1	\$3.30
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(USPS Certified Mail #)
 (70151730000153817311)

Return Receipt (USPS Return Receipt #)	1	\$2.70
--	---	--------

(USPS Return Receipt #)
 (9590940305965183351887)

Purple Heart 1	1	\$0.47
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2 (Unit Price:\$0.47)

Total	\$6.94
-------	--------

Cash	\$10.00
Change	(\$3.06)

 BRIGHTEN SOMEONE'S MAILBOX. Greeting cards available for purchase at select Post Offices.

Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit USPS.com USPS Tracking or call 1-800-222-1811.

Order stamps at usps.com/shop or call 1-800-Stamp24. Go to usps.com/clicknship to print shipping labels with postage. For other information call 1-800-ASK-USPS.

Office of the Treasurer-Tax Collector

Contra Costa County



Russell V. Watts
Treasurer-Tax Collector

Brice E. Bins
Chief Deputy
Treasurer-Tax Collector

Corrie Gideon
Tax Operations Supervisor

Via Certified Mail, Return Receipt Requested

Jose Francisco Penado
1715 Pennsylvania Avenue
Richmond, California 94801

**Re: Notification of Hearing re Rescission of Tax Deed [Cal. Rev. & Tax., § 3731(b)]
Assessor's Parcel Number 410-152-034**

Dear Mr. Penado:

This letter is to inform you that there will be a hearing before the Contra Costa County Board of Supervisors concerning rescission of the tax deed recorded on or about March 11, 2016 as Instrument Number 2016-0042120 in Official Records of Contra Costa County, State of California (the "Tax Deed"). The Tax Deed relates to land that the Tax Collector sold at the February 23, 2016 tax sale (the "Property"), which is identified as Assessor's Parcel Number ("APN") 410-152-034 and described in the Tax Deed as follows:

**LOT 31, IN BLOCK 20, MAP OF "EMERIC SUBDIVISION
NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF
CONTRA COSTA", FILED MAY 4, 1908 IN MAP BOOK 1,
PAGE 21, CONTRA COSTA COUNTY RECORDS.**

The hearing on the rescission of the Tax Deed will take place on **August 9, 2016 at 9:00 a.m.**, or as soon thereafter as the matter may be heard, at the following location:

**Board of Supervisors Chambers
651 Pine Street, Room 107
Martinez, California 94553**



The Tax Collector is recommending that the Contra Costa County Board of Supervisors rescind the Tax Deed because, due to a clerical error, the Tax Collector's Office did not receive the most current property owner information from the Assessor's Office. Therefore, you were not sent notice of the sale as required by statute. Under state law, you should have received notice of the tax sale not less than forty-five (45) nor more than 120 days before the proposed sale. (Cal. Rev. & Tax. Code, §§ 3701, 4675.)

Under these circumstances, the law requires that the Board of Supervisors conduct a noticed public hearing and then decide whether to rescind the Tax Deed. At the August 9, 2016 hearing before the Board of Supervisors, both you and Emmanuel U. Okereke, the individual who purchased the Property at the tax sale, will have an opportunity to present information to the Board of Supervisors.

Please contact our office if you have any questions at 925-957-2888 and ask to speak with Brice Bins.

Sincerely,

A handwritten signature in dark ink, appearing to read "Russell V. Watts", written over a horizontal line.

Russell V. Watts
Tax Collector

11-4

LSI TITLE AGENCY, INC.

RECORDING REQUESTED BY:
LSI Title Company (CA)

AND WHEN RECORDED MAIL TO:

Jose Francisco Penado
1825 California Avenue
San Pablo, CA 94806

2

CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2009-0157596-00

Check Number
Monday, JUL 06, 2009 11:06:00
CCC \$44.00:RIC \$280.00:MOD \$2.00
REC \$5.00:FTC \$1.00:NCP \$5.00
RED \$1.00:
Ttl Pd \$340.00 Nbr-0000184775
rrc/RJ/1-2

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 080129961

Escrow No.: 074835-PM

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX is \$44.00 CITY TRANSFER TAX \$280.00

☒ computed on full value of property conveyed, or

☐ computed on full value less value of liens or encumbrances remaining at time of sale.

☐ Unincorporated area ☒ City of San Pablo AND

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Aurora Loan Services, LLC

hereby GRANT(s) to:

Jose Francisco Penado, WIDOWER

the real property in the City of San Pablo, County of Contra Costa, State of California, described as:

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF

Also Known as: 1825 California Avenue, San Pablo, CA 94806

AP#: 410-152-035

DATED June 22, 2009

STATE OF Colorado

COUNTY OF San Pablo

On June 22, 2009

before me, Maria L. Orozco

A Notary Public in and for said State personally appeared

Norma J. Dudgeon, AVP

Aurora Loan Services, LLC

By: [Signature]

LPS Asset Management Solutions,
as attorney in fact

Norma J. Dudgeon, AVP

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.

**MARIA L. OROZCO
NOTARY PUBLIC
STATE OF COLORADO**

My Commission Expires 6/14/10

Signature [Signature]

(Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE:

Escrow No.: 074835-PM
Date: June 22, 2009

"EXHIBIT A"
LEGAL DESCRIPTION

LOTS 31 AND 32 IN BLOCK 20, MAP OF EMERIC SUBDIVISION, NO. 2, IN THE CITY OF SAN PABLO, COUNTY OF CONTRA COSTA, FILED MAY 4, 1908 IN MAP BOOK 1, PAGE, 21, CONTRA COSTA COUNTY RECORDS.

END OF DOCUMENT

U.S. Postal Service™

CERTIFIED MAIL® RECEIPT

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For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Postage	\$ 47
Certified Fee	330
Return Receipt Fee (Endorsement Required)	270
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.47

Sent To

JOSE FRANCISCO PENABAZ

Street & Apt. No.,
or PO Box No.

715 PENINSULA AVE

City, State, ZIP+4

RICHMOND CA 94801

PS Form 3800, July 2014

See Reverse for Instructions



9696 HTHE T000 064E H102

COURT

815 COURT ST

MARTINEZ

CA

94553-9991

0547820087

(800)275-8777

2:42 PM

07/25/2016

Product Description


Sale Qty

Final Price

First-Class Mail Letter	1	\$0.47
(Domestic)		
(RICHMOND, CA 94801)		
(Weight: 0 Lb 1.00 Oz)		
(Expected Delivery Day)		
(Wednesday 07/27/2016)		
Certified	1	\$3.30
(USPS Certified Mail #)		
(70143490000134144696)		
Return Receipt	1	\$2.70
(USPS Return Receipt #)		
(9590940306225183796712)		
Affixed Postage	1	(\$6.47)
(Affixed Amount: \$6.47)		
Total		\$0.00


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 Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit USPS.com USPS Tracking or call 1-800-222-1811.

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY														
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p style="text-align: center; font-size: 1.2em;">E.U. OKEREKE PO BOX 30813 OAKLAND CA 94604</p> <div style="text-align: center;">  9590 9403 0622 5183 7960 02 </div> <p>2. Article Number (Transfer from service label)</p> <p style="text-align: center; font-size: 1.2em;">7014 3490 0001 3414 4689</p>	<p>A. Signature</p> <p>X <i>Car</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p style="text-align: center; font-size: 1.2em;">Chetachi Okeke 7.2.16</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <table style="width: 100%; font-size: 0.8em;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Mail Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Mail Restricted Delivery	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®														
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™														
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<input type="checkbox"/> Mail Restricted Delivery															

PS Form 3811, April 2015 PSN 7530-02-000-9053 Domestic Return Receipt

UNITED STATES POSTAL SERVICE




First-Class Mail
 Postage & Fees Paid
 USPS
 Permit No. G-10

• Sender: Please print your name, address, and ZIP+4® in this box •

CCC Tax Collector
 Attn: ERIC MOE
 P.O. Box 471
 Martinez, CA 94553

USPS TRACKING#


 9590 9403 0622 5183 7960 02

Russell V. Watts
County Tax Collector & Treasurer
P.O. Box 631
Martinez, CA 94553-0063

**Contra
Costa
County**



AMOUNT
\$6.47
R2305H129239-09

94806

1000

POSTAL SERVICE



7015 1730 0001 5381 7311

Jose Francisco Penado
1825 California Avenue
San Pal NIXIE 957 7E 1

Vacant

Lat

0207/14/16

RETURN TO SENDER
UNDELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

EC: 94553006331

*0305-12125-28-43

94553006331

**RETURN RECEIPT
REQUESTED**

Domestic Return Receipt

PS Form 3800 April 2015 PSN 7530-02-000-9053

TTEL 19E5 1000 0E2T 5T02

2. Article Number (Transfer from service label)

9590 9403 0596 5183 3518 87



3. Service Type
- ☐ Adult Signature
 - ☐ Adult Signature Restricted Delivery
 - ☐ Certified Mail®
 - ☐ Certified Mail Restricted Delivery
 - ☐ Collect on Delivery
 - ☐ Collect on Delivery Restricted Delivery
 - ☐ Restricted Delivery
 - ☐ Priority Mail Express®
 - ☐ Registered Mail™
 - ☐ Registered Mail Restricted Delivery
 - ☐ Return Receipt for Merchandise
 - ☐ Signature Confirmation™
 - ☐ Signature Confirmation Restricted Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

B. Received by (Printed Name) C. Date of Delivery

A. Signature ☒ Agent ☐ Addressee

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Jose Francisco Penado
1825 California Avenue
San Pal NIXIE 957 7E 1*

U.S. POSTAGE
PAID
MARTINEZ, CA
94553
JUN 29 16

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>Amber</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>JOSE F. PENADO 1715 PENNSYLVANIA AVE RICHMOND CA 94801</p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery 7-21-16</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7014 3490 0001 3414 4696</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery</p>		<p><input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>PS Form 3811, April 2015 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>	

UNITED STATES POSTAL SERVICE		First-Class Mail Postage & Fees Paid USPS Permit No. G-10	
<p>• Sender: Please print your name, address, and ZIP+4® in this box•</p>			
<p>CONTRA COSTA COUNTY TREASURER - TAX COLLECTOR P.O. BOX 631 MARTINEZ, CA 94553-0063</p>		<p>ATTN: BRICE BING.</p>	
<p>USPS TRACKING#</p>			
<p>9590 9403 0622 5183 7967 12</p>			

OFFICE OF THE COUNTY COUNSEL
COUNTY OF CONTRA COSTA
Administration Building
651 Pine Street, 9th Floor
Martinez, CA 94553

(925) 335-1800
(925) 646-1078 (fax)



SHARON L. ANDERSON
COUNTY COUNSEL

MONIKA L. COOPER
THOMAS L. GEIGER
MARY ANN MCNETT MASON
Steven P. Rettig
ASSISTANTS

July 27, 2016

The Honorable Board of Supervisors
Contra Costa County
651 Pine Street, Room 107
Martinez, CA 94553

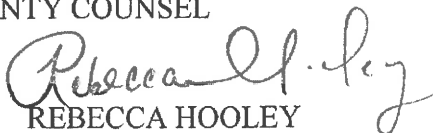
Re: Rescission of the Tax Sale of Assessor's Parcel Number 410-152-034

Dear Chairperson Anderson and Members of the Board of Supervisors:

Provided that, following a hearing on the matter, the Board of Supervisors determines that the February 23, 2016 tax sale of Assessor's Parcel Number 410-152-034 should be rescinded, the Office of the County Counsel consents to said rescission, as required by Revenue and Taxation Code section 3731.

Sincerely,

SHARON L. ANDERSON
COUNTY COUNSEL

By: 
REBECCA HOOLEY
Deputy County Counsel

cc: Treasurer-Tax Collector's Office



Contra
Costa
County

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: Adoption of an Ordinance Calling for a Special Election for a Local Sales Tax for Transportation Improvements and Growth Management

RECOMMENDATION(S):

1. FIND that adoption of Ordinance 2016-17 is exempt from the California Environmental Quality Act;
2. ADOPT Ordinance No. 2016-17 calling a special election for voter approval of a 30-year countywide transportation transaction and use tax and consolidating the special election with the statewide general election on November 8, 2016.
3. DIRECT staff from the Department of Conservation and Development to file the Notice of Exemption with the County Clerk and as appropriate post the Notice of Exemption.

FISCAL IMPACT:

The Contra Costa Transportation Authority will reimburse the County for all costs of conducting this election.

BACKGROUND:

Ordinance No. 2016-17 (Attachment 1) calls a special election for the purpose of submitting a 30-year countywide transportation transaction and use tax (sales tax) to the voters of Contra Costa County, pursuant to Public Utilities Code section 180201 et seq. and Revenue and Taxation Code section 7291, as requested by the Contra Costa Transportation Authority (Authority). The ordinance also consolidates the special election with the statewide general election on November 8, 2016.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: John Cunningham,
674-7833

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

Over the past several months, the Authority has undertaken actions necessary to have a measure placed on the November 2016 general election ballot that would establish an additional one-half of one percent sales tax for transportation purposes to meet the growing needs of Contra Costa County. If the tax passes, the revenues will supplement an existing one-half of one percent local transportation sales tax implemented by Measure C in 1988, which was extended until March 31, 2034 by Measure J in 2004.

As required by Public Utilities Code section 180206, the Authority prepared a Transportation Expenditure Plan (TEP), entitled "Transforming Contra Costa County, Our New 30-Year Transportation Expenditure Plan", that sets forth the use of the approximately \$2.9 billion expected to be derived from the 30-year sales tax. The TEP includes proposed project and program expenditures, including a revised Growth Management Program (GMP), a new Complete Streets Policy, and a new Advance Mitigation Program to help the Authority achieve its goals to reduce future congestion, manage the impacts of growth, and expand alternatives to the single-occupant vehicle.

The Authority approved the final language for the TEP on May 18, 2016 and released the TEP for approval by city/town councils and the County Board of Supervisors. By July 12, 2016, the TEP was approved by the city/town councils of all nineteen of the cities/towns in Contra Costa County and the County Board of Supervisors.

Following approval of the TEP by the governing boards of Contra Costa County and its cities/towns, the Authority approved the TEP, with corrections to the BART funding provisions, on July 20, 2016 by Authority Ordinance 16-02. Ordinance 16-02 and the associated TEP are attached to this report (Attachment 2). At the same time, it adopted Authority Ordinance No. 16-03 (Attachment 4), which establishes a transportation sales tax for the period from April 1, 2017 to March 31, 2047, subject to the approval of two-thirds of the voters. Through Authority Resolution 16-41-P, the Authority also requested that the Board of Supervisors call and consolidate an election for the purpose of submitting a ballot measure to the qualified voters seeking approval of the sales tax.

Public Utilities Code Section 180201 and 180203 requires the election to be called by a county ordinance. At least five days must elapse between introduction and adoption of the ordinance. On August 2, 2016, the Board introduced the ordinance, waived its reading and fixed adoption of the ordinance for August 9, 2016. The Board's action today adopts the ordinance. The Board's adoption of this ordinance is a ministerial activity that is exempt from CEQA (Public Resources Code section 21080(b)(1)). The Notice of Exemption is Attachment #3 to this report.

The sample ballot mailed to the voters will contain the full proposition, as set forth in Section III of Ordinance 2016-17, and the voter information handbook will include the entire TEP and Authority Ordinance No. 16-03, which establishes the sales tax.

Pursuant to Public Utilities Code section 180203(a) and Authority Resolution 16-41-P, the Authority will reimburse the County for all costs of conducting the election, including those relating to consolidation of the election.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not take the recommended actions, the Authority's proposed 30-year countywide transportation sales tax will not be submitted to the voters as a measure on the November 8, 2016 ballot.

ATTACHMENTS

Attachment 1 - CCC Ordinance No 2016-17

Attachment 2 - CCTA Ord 16-02 and TEP

Attachment 3 - NOE TEP Sales Tax

Attachment 4 - CCTA Ord 16-03 Sales Tax

ORDINANCE NO. 2016-17
(Calling of Special Election for Voter Approval to Augment Local Sales Tax for Transportation Purposes)

The Contra Costa County Board of Supervisors ordains as follows:

SECTION I. SUMMARY. This ordinance calls a special election, at the request of the Contra Costa Transportation Authority, referred to as the “Authority,” for the purpose of submitting to the voters for approval an additional one-half of one percent sales tax for the transportation projects and programs described in the tax ordinance and county transportation expenditure plan adopted by the Authority on July 20, 2016.

SECTION II. RECITALS AND FINDINGS. This ordinance is made with reference to the following recitals and findings:

Local highway and transportation improvements in Contra Costa County are needed to address countywide mobility needs and alleviate traffic congestion that threatens the economic viability of the area and adversely impacts the quality of life in the County.

To manage current and future local transportation maintenance and improvement needs, local jurisdictions need to develop and implement local funding programs that go significantly beyond current federal and state funding, which is inadequate to resolve these problems.

It is in the public interest, under the Local Transportation Authority and Improvement Act (Public Utilities Code Section 180000 and following), to allow the voters in Contra Costa County to implement a new retail transactions and use tax (sales tax) ordinance to raise additional local revenues for a transportation expenditure plan that funds transportation improvements and maintenance and meets local transportation needs in a timely manner.

In 1988, voters in Contra Costa County passed Measure C, which created a one-half cent sales tax for 20 years to support transportation programs and projects. In 2004, voters approved Measure J, which extended the transportation sales tax for an additional 25 years beyond the previous expiration date.

ORDINANCE NO. 2016-17

On May 18, 2016, the Authority authorized the release of a proposed Transportation Expenditure Plan, *Transforming Contra Costa County, Our New 30-Year Transportation Expenditure Plan*, to the County, cities and towns to consider, among other matters, establishing an additional countywide one-half of one percent sales tax for 30 years to increase the funding of transportation projects, subject to approval by the qualified electors on the November 8, 2016 ballot.

As of July 12, 2016, all of Contra Costa County's nineteen cities and towns representing 100 percent of the incorporated area population, and the County Board of Supervisors, have approved the Transportation Expenditure Plan prior to its final approval by the Authority Board.

On July 20, 2016, the Authority Board approved the Transportation Expenditure Plan and requested that the Contra Costa County Board of Supervisors call a special election for the purpose of submitting Authority Ordinance No. 16-03, authorizing the additional one-half of one percent sales tax, to voters on the November 8, 2016 ballot.

SECTION III. CALL OF SPECIAL ELECTION. At the request of the Authority, pursuant to Public Utilities Code sections 180201 and 180203, the Board of Supervisors hereby calls a special election for the purpose of submitting the following proposition to the voters of the incorporated and unincorporated territory of Contra Costa County for approval:

"To implement a Transportation Expenditure Plan to continue:

- Repairing potholes/fixing roads;
- Improving BART capacity/reliability;
- Improving Highways 680, 80, 24, and 4;
- Enhancing bus/transit including for seniors and people with disabilities;
- Increasing bicycle/pedestrian safety;
- Improving air quality;
- Reducing traffic;

shall voters adopt the ordinance augmenting the sales tax by ½%, raising ninety-seven million dollars for transportation improvements annually for 30 years with independent oversight, audits, and all money benefitting local residents?"

ORDINANCE NO. 2016-17

SECTION IV. CONSOLIDATION. As requested by the Authority in Authority Resolution 16-41-P, the election shall be consolidated with the Statewide General Election to be held on Tuesday, November 8, 2016.

SECTION V. CONDUCT OF ELECTION. Pursuant to Public Utilities Code Section 180203(b), the County Clerk (Elections Clerk) shall conduct said election in the same manner as provided by law for the conduct of special elections by a county.

SECTION VI. SAMPLE BALLOT AND VOTER HANDBOOK. Pursuant to Public Utilities Code Section 180203(c), the sample ballot to be mailed to the voters shall contain the full proposition, as set forth in Section III of this ordinance, and the voter information handbook shall include the entire adopted county transportation expenditure plan and the tax ordinance (Authority Ordinance No. 16-03) referred to in Section II of this ordinance.

SECTION VII. ELECTION COST. Pursuant to Public Utilities Code section 180203(a) and Authority Resolution 16-41-P, the Authority shall reimburse the County for all costs of conducting said election, including those relating to consolidation of the election.

SECTION VIII. EFFECTIVE DATE. This ordinance becomes effective immediately upon passage and within 15 days after passage shall be published once with the names of supervisors voting for and against it in the EAST BAY TIMES, a newspaper published in this county.

PASSED on August 9, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: David Twa, Clerk of the Board
of Supervisors and County Administrator

By: _____

ORDINANCE NO. 2016-17

Deputy Clerk

Board Chair

[SEAL]

RJH

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ORDINANCE NO. 2016-17

APPROVED BY THE
CONTRA COSTA
TRANSPORTATION AUTHORITYCONTRA COSTA
transportation
authority

ORDINANCE 16-02

DATE

July 27, 2016

CERTIFIED BY

Tarienne Grover

Tarienne Grover, Board Clerk

**AN ORDINANCE OF THE CONTRA COSTA TRANSPORTATION AUTHORITY
ADOPTING 2016 TRANSPORTATION EXPENDITURE PLAN**

WHEREAS, the Contra Costa Transportation Authority (hereinafter "Authority") is considering the countywide imposition of a one half of one percent sales tax for transportation purposes for a period of thirty years, effective on April 1, 2017 through March 31, 2047; and

WHEREAS, Public Utilities Code section 180206 requires preparation and adoption of a Transportation Expenditure Plan ("TEP") for the expenditure of the revenues expected to be derived from a transactions and use tax, together with other federal, state, and local funds expected to be available for transportation improvements, for the period during which the transportation and use tax is to be imposed; and

WHEREAS, the Authority is required to receive approval of the TEP from the Board of Supervisors of Contra Costa County and of the city/town councils representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the county; and

WHEREAS, the Authority conducted extensive consultations with local governments and conducted outreach to a wide variety of interest groups and the public in order to develop a TEP proposing a potential mix of projects and programs to be funded by the proposed sales tax; and

WHEREAS, the Authority circulated the TEP and received unanimous approval of the TEP from the Contra Costa County Board of Supervisors and the city/town councils representing all cities in the county and a majority of the population residing in the incorporated areas of the county.

NOW, THEREFORE, THE CONTRA COSTA TRANSPORTATION AUTHORITY DOES ORDAIN AS FOLLOWS:

- 1. ADOPTION.** The Authority adopts the Transportation Expenditure Plan, which is set forth in the text of Exhibit 1 to this Ordinance, incorporated herein by reference and made a part of this Ordinance as if fully set forth at this point. The graphical representation of the text serves as illustrations and are not a substantive part of the

TEP. The revenues received by the Authority from this Ordinance, after deduction of required Board of Equalization costs for performing the functions specified in Section 180204 of the Public Utilities Code, and for the administration of the Transportation Expenditure Plan commencing with Public Utilities Code Section 180200, shall be used for transportation projects and programs countywide as set forth in the TEP and in a manner consistent with the Comprehensive Transportation Plan developed by the Authority.

- 2. TRANSPORTATION IMPROVEMENT PROGRAM PURPOSES.** In the allocation of all revenues made available from the transactions and use tax, the Authority shall make every effort to maximize state, federal and regional transportation. The Authority may amend the TEP, in accordance with Section 3, as needed, to maximize the transportation funding to Contra Costa County. The revenues shall be allocated in accordance with the TEP and subject to the following provisions:

A. For all projects.

1. No revenues shall be allocated for any state projects or programs until the Authority has certified that Contra Costa is receiving, at a minimum, its fair share of funds from state and federal sources for transportation projects and programs. The determination of fair share shall consider all relevant factors including the degree to which the Contra Costa region is receiving its statutory county share and county minimum funding for all budgeted, expended, and programmed state funds and federal funds available for capital projects and operational subsidies. The policies and project approval actions of the California Transportation Commission, the State Department of Transportation (hereafter referred to as Caltrans) and the federal Department of Transportation (e.g. Federal Highway Administration and Federal Transit Administration) will also be reviewed to ensure that Contra Costa is receiving full consideration in the allocation of any additional uncommitted state and federal funding. Part of the certification shall include a finding that the state has not reduced any state fund allocations to the Contra Costa region as a result of the addition of any local revenues as provided herein. The certification shall be made annually.
2. If the Authority finances the construction of transportation facilities by the issuance of bonds or any similar financing device, the Authority shall first allocate the funds necessary to meet all debt service requirements.
3. Each project shall have a local jurisdiction(s) or special district as a sponsor of the project. If there is no local jurisdiction or special district as a project

sponsor for a specific Project or Program, the Authority shall be the sponsor for that Project or Program.

4. The Authority may use the proceeds of this Ordinance to accelerate projects which are anticipated to be funded through the State Transportation Improvement Program ("STIP"). It must be demonstrated by the implementing agency (generally the Authority or Caltrans) that a meaningful acceleration can be accomplished using Authority funds and the State must commit to refunding those proceeds in dollars or in the completion of other TEP Projects and Programs and/or STIP projects using State funds not otherwise committed to Contra Costa County.

In the event that the refund of acceleration funds impacts the implementation of any TEP Project or Program, the Authority shall amend the Expenditure Plan under Section 3.

5. Any local funds already allocated, committed or otherwise included in the financial plan for any project on the Expenditure Plan shall be made available for project development and implementation as required in the project's financial and implementation program. All local jurisdictions and special districts are encouraged to seek all available funding from private and public sources to further the purposes of the Expenditure Plan and this Ordinance.

B. For Highway Projects.

1. All state improvements to be funded with revenues as provided in this Ordinance, including project development and overall project management, shall be a joint responsibility of Caltrans, the Authority and the affected local jurisdiction(s) or special district(s). All major project approval actions including the project concept, the project location, and any subsequent change in project scope shall be jointly agreed upon by Caltrans, the Authority and the project sponsors, and where appropriate, by the Federal Highway Administration and/or the California Transportation Commission.
2. Once any state highway facility or usable portion thereof is constructed to at least minimum acceptable state standards, the state shall be responsible for the maintenance and operation thereof.

C. For Transit Projects. Prior to the construction of any transit facility or usable portion thereof, the Authority, in cooperation with affected transit operators and agencies, shall determine the entity to be responsible for the maintenance and operation thereof.

- D. For Transit Rolling Stock.** Prior to the appropriation of any funds for transit rolling stock, the Authority, in cooperation with affected transit operators and agencies, shall determine the entity(ies) to be responsible for the ownership, maintenance and operation thereof.
- E. For Local Streets and Road Projects.** Prior to the construction of any local street and road facility or usable portion thereof, the Authority in cooperation with affected local agency(ies), shall determine the local agency(ies) to be responsible for the maintenance and operation thereof.
- F. For Trail Projects.** Prior to the construction of any trail facility or usable portion thereof, the Authority in cooperation with affected agencies, shall determine the entity(ies) to be responsible for the maintenance and operation thereof.
- G. For Maintenance and Operational Programs.** The Authority may adopt guidelines, policies and other requirements for the administration of and appropriation of funds for programs in the TEP targeted for infrastructure maintenance or operational programs. The Authority will develop any such guidelines, policies and other requirements in cooperation with the Regional Transportation Planning Committees and other affected stakeholder.
- H. Bay Area Rapid Transit District (BART) Maintenance of Effort (MOE):** Prior to any appropriation, allocation or reimbursement of funds to BART from the "BART Capacity, Access or Parking Improvements" category, the Authority Board shall make a finding that BART has continued to use a proportional share of its operating allocations for capital projects. BART's preliminary FY 2017 Budget forecasts approximately \$144 million of its operating allocations to capital projects. BART shall demonstrate that it continues to use an equivalent proportional share of its operating revenues for capital projects allowing for normal annual fluctuations in capital projects or maintenance expenditures. In years where BART fare revenues or other general fund revenues are reduced by a decrease in ridership or unforeseen economic circumstances, loss of regional, state or federal funding, or where one-time costs are increased by a natural disaster, then the Authority may release funds only if the Authority Board makes findings that 1) BART has not reduced its capital project funding disproportionately to the total operating revenue and 2) BART made best efforts to fund capital projects that benefit Contra Costa County.

3. AMENDMENTS.

A. Amendments to the Ordinance.

1. This Ordinance may be amended to further its purposes. The Authority shall establish a process for proposed Ordinance amendment(s) which ensures that the Regional Transportation Planning Committees participate in proposed Ordinance amendment(s). Upon completion of that process, amendment(s) to this Ordinance must be passed by a roll call vote entered in the minutes and must have two-thirds of the Authority concurring with the proposed amendment(s).
2. In the event that a local jurisdiction does not agree with the Authority's amendments(s), the jurisdiction's policy decision-making body must, by a majority vote, determine to formally notify the Authority of its intent, in writing via registered mail, to obtain an override of the Authority's amendment(s). The appealing jurisdiction will have 45 days from the date the Authority adopts the proposed amendment(s) to obtain resolutions supporting its appeal for an override of the amendment(s) from a majority of the cities representing a majority of the population residing within the incorporated areas of the county and from the Board of Supervisors. If a jurisdiction does not obtain the necessary resolutions supporting its appeal, the Authority's amendment(s) to the Ordinance will stand.

B. Amendments to the TEP.

1. The Authority may annually review and propose amendments to the TEP to provide for the use of additional federal, state, and local funds, to account for unexpected revenues, to take into consideration unforeseen circumstances, and to account for impacts, alternatives, and potential mitigation determined during review under the California Environmental Quality Act (CEQA) at such time as each Project and Program is proposed for approval. The Authority shall establish a process for proposed TEP amendment(s) which ensures that the affected Regional Transportation Planning Committee(s) participate in the development of the proposed amendment(s). Upon completion of this process, amendment(s) to the Expenditure Plan must be passed by a roll call vote entered in the minutes and must have a majority of the Authority concurring with the proposed amendment(s). Subsequently, the Authority shall notify the Board of Supervisors, the City/Town Council of each city/town in the county and the Mayors' Conference and provide each entity with a copy of the proposed

amendment(s). Pursuant to Public Utilities Code 180207, proposed amendment(s) shall become effective 45 days after notice is given, unless appealed under the process outlined in the following paragraph. The Authority shall hold a public hearing on the proposed amendment(s) within this 45-day period.

2. In the event that a local jurisdiction does not agree with the Authority's amendments(s), the jurisdiction's policy decision-making body must, by a majority vote, determine to appeal and shall, within 45 days after notice is given by the Authority, formally notify the Authority of its intent, in writing via registered mail, to obtain an override of the Authority's amendment(s). The appealing jurisdiction will have 45 days from the date of its determination to appeal the proposed amendment(s) to obtain resolutions supporting its appeal for an override of the amendment(s) from a majority of the cities representing a majority of the population residing in the incorporated areas of the county and from the Board of Supervisors. If a jurisdiction does not obtain the necessary resolutions supporting its appeal, the Authority's amendment(s) to the Expenditure Plan will stand.
4. **PRIVATE SECTOR FUNDING.** Revenues provided from the transactions and use tax shall not be used to replace private developer funding which has been or will be committed for any project.
5. **DESIGNATION OF FACILITIES.** Each project or program in excess of \$250,000 funded in whole or in part by revenues from the Ordinance shall be clearly designated in writing via signs and/or documents, during its construction or implementation as being funded by revenues from the Ordinance.
6. **COORDINATION.** The Authority shall consult and coordinate its actions to secure funding for the completion and improvement of the priority regional projects with the California Transportation Commission, transit operators and other interested and affected parties for the purpose of integrating its transportation improvements with other planned improvements and operations impacting the county. In addition, the Authority shall seek all ways to expedite the completion of Expenditure Plan projects, the implementation of which is the responsibility of other agencies.
7. **EMINENT DOMAIN.** The Authority will not use its power of eminent domain as provided in Public Utilities Code Section 180152.
8. **COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA").** The Authority finds that the approval of this Ordinance is not a "project" and, alternatively, is exempt from the California Environmental Quality Act ("CEQA"). The

Ordinance is intended to provide a plan for a funding mechanism for future projects and programs, related to the Authority's provision of transportation services. The Ordinance does not commit the Authority to any particular project, program, or capital improvement. Accordingly, the Authority hereby finds that, under State CEQA Guidelines section 15378(b)(4), adoption of the Ordinance and TEP as a prerequisite to establishing a government funding mechanism is not a project subject to the requirements of CEQA because the TEP merely facilitates "[t]he creation of [a] government funding mechanism[] or other fiscal activity which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." (Cal. Code Regs., tit. 14, § 15378, subd. (b)(4); see also *Sustainable Transportation Advocates of Santa Barbara v. Santa Barbara County Association of Governments* 179 Cal.App.4th 113, 123 [holding that the adoption of a transportation expenditure plan in accordance with Public Utilities Code section 180206 "does not qualify as a project within the meaning of CEQA because it is a mechanism for funding proposed projects that may be modified or not implemented depending upon a number of factors, including CEQA environmental review"].) Further, because the Ordinance does not authorize the construction of any projects that may result in any direct or indirect physical change in the environment and is subject to further discretionary approvals, including the pre-conditions found in Public Utilities Code section 180206(b), approving the Ordinance is not an approval that "commits the agency to a definite course of action" (State CEQA Guidelines section 15352). The timing, design, and approval of individual projects to be funded by the Ordinance are dependent on funding availability, need, and CEQA review. Thus, the Ordinance has no potential for causing a significant effect on the environment and is exempt from any further review under CEQA (State CEQA Guidelines section 15061(b)(3)).

9. **SEVERABILITY.** If any section, part, clause or phrase of this Ordinance is for any reason held invalid or unconstitutional, the remaining portions shall not be affected but shall remain in full force and effect.

Adopted by the Contra Costa Transportation Authority at a Special Meeting thereof, held this 20th day of July, 2016, by the following vote:

AYES: Chair Hudson, Vice Chair Butt, and Commissioners Abelson, Arnerich, Durant, Glover, Mitchoff, Pierce, Romick, Tatzin, and Taylor
NOES: None
ABSENT: None
ABSTAIN: None

A handwritten signature in black ink, appearing to read "David E. Hudson", written over a horizontal line.

David E. Hudson, Chair

This Ordinance 16-02 was entered into at a special meeting of the Contra Costa Transportation Authority held on July 20, 2016, in Walnut Creek, California, and shall become effective as provided above.

Attest:

A handwritten signature in blue ink, appearing to read "Tarienne Grover", written over a horizontal line.

Tarienne Grover, Board Clerk

EXHIBIT 1

2016 TRANSPORTATION EXPENDITURE PLAN
[Attached behind this page]

TRANSFORMING CONTRA COSTA COUNTY

Our New 30-Year Transportation Expenditure Plan

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Transforming Contra Costa County

Contra Costa is a county as unique and diverse as its residents. Our communities stretch from the Richmond coastline to Discovery Bay, from Port Chicago to the San Ramon Valley, and from Mount Diablo to Crockett Hills. We are growing with the times while protecting the qualities that make Contra Costa County a wonderful place to call home.

We need a transportation plan that reflects where we are now and, more importantly, our commitment to pursue transportation policies, planning and investments that will get us where we want to be.

The Contra Costa Transportation Authority (CCTA) is responsible for maintaining and improving the county's transportation system by planning, funding, and delivering critical transportation infrastructure projects and programs that connect our communities, foster a strong economy, increase sustainability, and safely and efficiently get people and freight where they need to go. CCTA is also the county's designated Congestion Management Agency (CMA), responsible for putting programs in place to keep traffic levels manageable.

Currently, our transportation needs significantly exceed available revenue to meet those needs. Over the next 30 years, our population will continue to grow and that population will have new and additional needs. A new countywide funding measure and Transportation Expenditure Plan (TEP) can keep Contra Costa County moving and create the livable and sustainable communities that all Contra Costans deserve.

After extensive public engagement and analysis, CCTA prepared a 30-year TEP that will **promote a strong economy, protect the environment, maintain and improve local streets and roads, encourage greater transit usage and alternate forms of transportation, and enhance the quality of life for all** of Contra Costa's diverse communities. This new TEP will benefit every person and every part of the county.

This plan is transformative on every level. With a strong focus on technology and innovation, the plan will deliver **a more efficient, cleaner and faster transportation system.**

The new plan will significantly cut emissions through an emphasis on transit, electric and other non-fossil fuel oriented modes of transportation and transportation networks. It provides for new BART cars that will reduce energy use, pollution and costs, and that will provide increased frequency of BART trains and improved BART station access, and also provides for improved bus transit operations and improved bus frequency, potential driverless vehicles, bikes in every community, and connectivity

among and with all modes of transportation.

The plan also sets forward clear policies that ensure that while we grow, we will keep all growth within clear urban limit lines. This will allow the county to continue growing in a smart way, while protecting vital open space for parks and farmland. Furthermore, increased investments in bike and pedestrian paths and walkways bring access to the outdoors to every community.

Smooth, safe and complete streets for cars, trucks, buses, bikes and pedestrians, along with extraordinary investments in direct funding to Contra Costa's communities for local street and road repair, will greatly enhance all communities.

For our urban areas, the plan focuses on support for transit and transit-oriented mixed-use development. This includes an emphasis on bicycle and pedestrian opportunities, interconnectivity, transit, traffic smoothing, and technological advances to ensure our systems are efficient and work well together.

This plan will benefit the people who live in Contra Costa County by:

- **Attracting more good jobs**, which will reduce commute trips and congestion
- **Actively managing the impacts of growth** on our community so we support local businesses and preserve our environment
- **Accommodating the needs of all** transportation modes, while increasing the use of alternative transportation; and
- **Enhancing transportation services** for seniors, persons with disabilities and school children

This TEP was developed with two key documents as guidance – the Expenditure Plan Advisory Committee (EPAC) Vision, Goals and Objectives and the CCTA Principles for Development of a Transportation Expenditure Plan. Both documents are available for review at www.CCTA.net. Building on these two documents and extensive public engagement with stakeholders, the TEP articulates how the Authority will use nearly \$3 billion in additional revenue to invest wisely – using locally-generated funds and leveraging outside matching funds – to maximize the benefits for all Contra Costa residents by promoting a strong economy, protecting the environment, maintaining and improving local streets and roads, and encouraging greater transit usage and alternate forms of transportation.

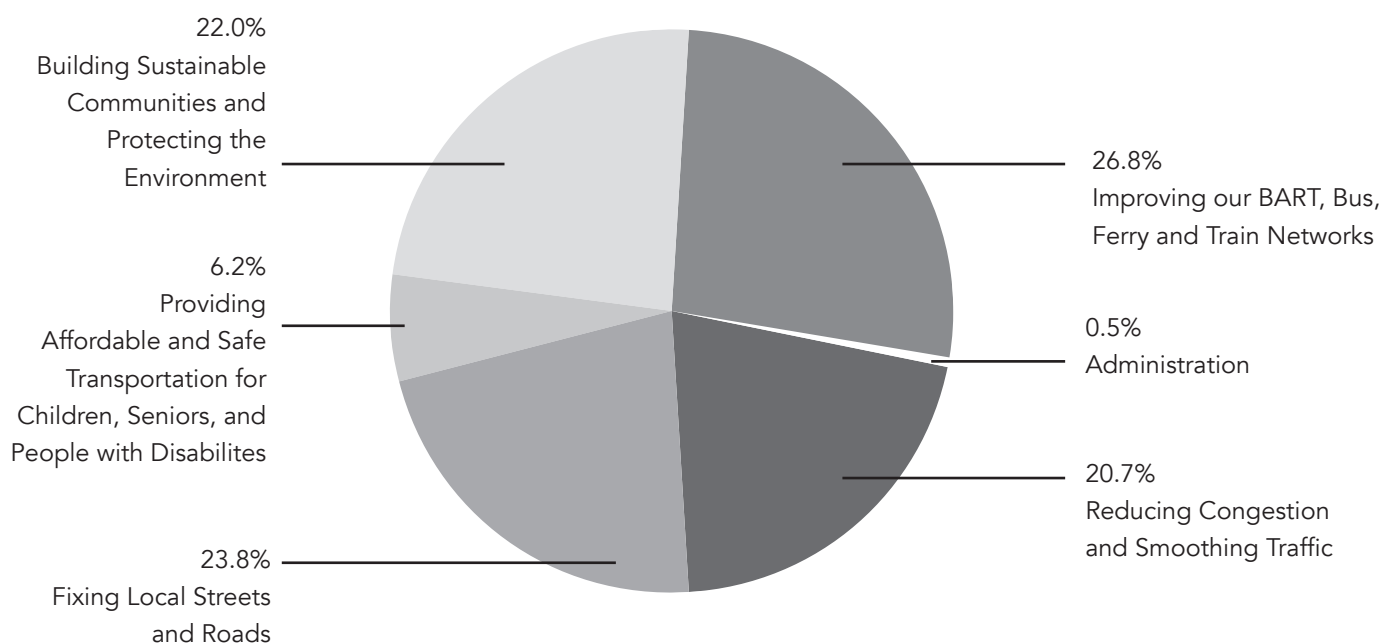
Transportation Expenditure Plan Summary

Transportation Expenditure Plan: Summary of Funding		Funds (\$ millions)	%
Improving our BART, Bus, Ferry and Train Networks		770	26.79%
	BART Capacity, Bicycle and Pedestrian Access and Parking Improvements	300	10.44%
	Bus Transit and Other Non-Rail Transit Enhancements	295	10.26%
	East Contra Costa Transit Extension	70	2.44%
	High Capacity Transit Improvements Along the I-80 Corridor	55	1.91%
	Intercity Rail and Ferry Service Improvements	50	1.74%
Reducing Congestion and Smoothing Traffic		595	20.71%
	Traffic Flow Improvements and High Capacity Transit Implementation Along I-680 and SR 24	250	8.70%
	East County Corridor (Vasco Road and/or Byron Highway Corridors) Improvements	117	4.07%
	Traffic Flow Improvements Along SR 242 and SR 4	108	3.76%
	I-80 Interchange Improvements at San Pablo Dam Road and Central Ave	60	2.09%
	I-680 and SR 4 Interchange Improvements	60	2.09%
Fixing Local Streets and Roads		684	23.79%
	Local Street Maintenance and Improvements	684	23.79%
Providing Affordable and Safe Transportation for Children, Seniors, and People with Disabilities		179	6.23%
	Safe Transportation for Children	64	2.23%
	Transportation for Seniors and People with Disabilities	115	4.00%
Building Sustainable Communities and Protecting the Environment		632	21.98%
	Major Streets and Complete Streets Project Grants	290	10.09%
	Pedestrian, Bicycle and Trail Facilities	115	4.00%
	Community Development Transportation Program	100	3.48%
	Innovative Transportation Technologies/Connected Communities Grant Program	65	2.26%
	Transportation Planning, Facilities and Services	43	1.50%
	Regional Transportation Priorities	19	0.65%
Total Investments		2860	99.50%
	Administration	14	0.50%
	Total Funds	2874	100.0%

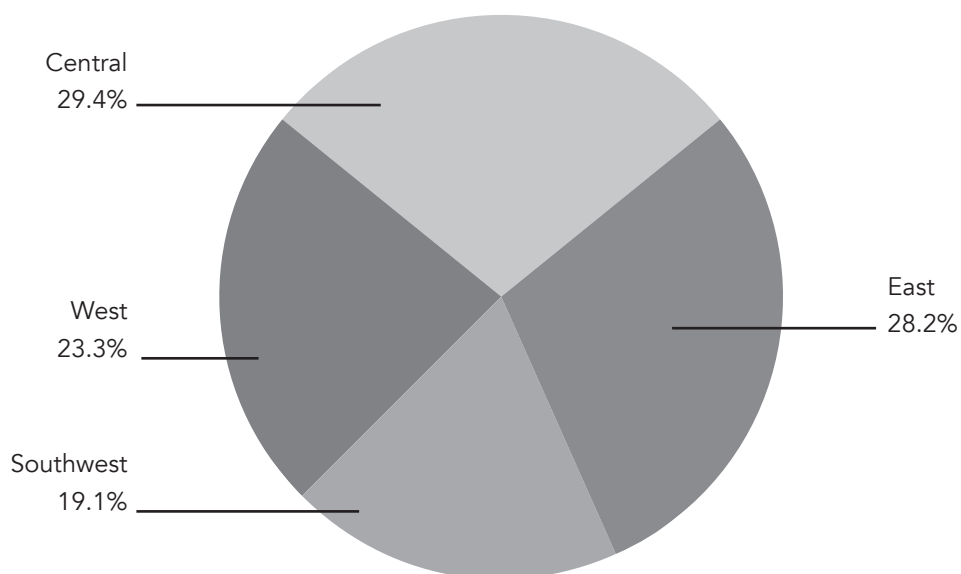
Funding amounts in 2016 Dollars

For the full breakdown see the chart on page 31.

Transportation Expenditure Plan Summary by Category













Transportation Expenditure Plan Summary by Region

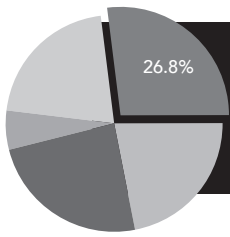


See page 31 for detailed distribution of funding by subregion.

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

Each icon represents a benefit to Contra Costa County as a result of the portion of the plan being described.



IMPROVING OUR BART, BUS, FERRY AND TRAIN NETWORKS



BART Capacity, Access and Parking Improvements

\$300 Million

This category is intended to provide funding to increase the capacity of and ridership on the BART System in Contra Costa County, including improvements to local BART stations, as well as access and parking in Contra Costa County. Funds in this category are intended to be allocated by the Authority for the acquisition of additional new BART cars, provided that: 1) BART agrees to fund a minimum of \$100 million in BART station, access and parking improvements in Contra Costa County from other BART revenues, and 2) a regional approach, that includes commitments of equal funding shares from both Alameda and San Francisco counties and additional regional funding from the Metropolitan Transportation Commission, is developed and approved no later than December 31, 2024.

BART station, access and parking improvements or alternate public transit services that access BART may include station capacity, safety and operational improvements; infrastructure improvements that facilitate Transit Oriented Development at or near BART stations; additional on or off site parking, last mile shuttle or shared vehicles that provide alternatives to driving single-occupant vehicles to BART stations; and bicycle/pedestrian facilities that provide access to BART stations.

In the event that commitments from the four parties to fund additional BART cars are not approved by December 31, 2024, or any date earlier if BART informs the Authority it is no longer pursuing the acquisition of additional BART

cars as provided herein, and if BART has maintained the commitment to fund a minimum of \$100 million in improvements as described above, the Authority (in consultation with the RTPCs) and BART will jointly identify, and the Authority will allocate these funds for other capacity-enhancing, safety and efficiency increasing projects (to include station, access and parking improvements or alternate public transit services that access BART) that benefit the residents of Contra Costa County.

Prior to any appropriation, allocation or reimbursement of funds to BART, the Authority Board shall make a finding that BART has continued to use a proportional share of its operating allocations for capital projects. BART's preliminary FY 2017 Budget forecasts approximately \$144 million of its operating allocations to capital projects. BART shall demonstrate that it continues to use an equivalent proportional share of its operating revenues for capital projects allowing for normal annual fluctuations in capital projects or maintenance expenditures. In years where BART fare revenues or other general fund revenues are reduced by a decrease in ridership or unforeseen economic circumstances, loss of regional, state or federal funding, or where one-time costs are increased by a natural disaster, then the Authority may release funds only if the Authority Board makes findings that 1) BART has not reduced its capital project funding disproportionately to the total operating revenue and 2) BART made best efforts to fund capital projects that benefit Contra Costa County.



Bus Transit and Other Non-Rail Transit Enhancements

\$295 million

Bus Transit Enhancements in the West Subregion of Contra Costa

\$111 million

This subcategory is intended to provide funding for public transit operators to maintain and increase transit operations, including any transit capital expenses and/or operating expenses for existing service or service improvements/enhancements in the West subregion of Contra Costa. Funding is to provide for bus transit operations to increase or maintain ridership, including incentivizing transit use by offsetting fares, and improve the frequency and capacity of routes, especially high demand routes. Funding will be allocated by the Authority based on input from the WCCTAC in consultation with local bus operators and stakeholders.

Bus Transit Enhancements and Other Non-Rail Transit Enhancements in the Central, East and Southwest Subregions of Contra Costa

\$184 million

This subcategory is intended to provide funding for public transit operators to maintain and increase transit operations, including any transit capital expenses and/or operating expenses for existing service or service improvements/enhancements, and also to provide funding for future non-rail transit service alternatives in the Central, East and Southwest subregions of Contra Costa. Funding is to provide for bus transit operations to increase or maintain ridership, including incentivizing transit use by offsetting fares, and improve the frequency and capacity of routes, especially high demand routes. Funding will be allocated by the Authority for the Central, East and Southwest subregions of Contra Costa based on input from the RTPCs in those subregions, in consultation with local bus operators and stakeholders. Funding allocation by the Authority may include use of a portion of the funds for non-rail transit services/projects that demonstrate an innovative approach to maximize the movement of people efficiently and in a manner that reduces Vehicle Miles Traveled (VMT) and Green-house Gas (GHG).



East Contra Costa Transit Extension (BART or alternative)

\$70 million

This category is intended to provide funding to improve access to and extend high capacity transit service easterly from the Hillcrest BART Station in Antioch through Oakley to a new transit station in Brentwood. To the greatest degree

possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Funds from this category may be used to complete an interim transit station in Brentwood.



High Capacity Transit Improvements along the I-80 Corridor in West Contra Costa County

\$55 million

This category is intended to fund projects/programs for high capacity transit improvements along the I-80 corridor. Final determination on the scope of the improvements to be constructed will be based on the final recommendations in the West County High Capacity Transit Study and in

consultation with the west subregion. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project.

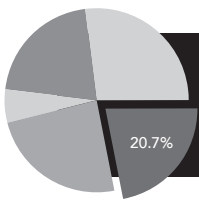


Intercity Rail and Ferries

\$50 million

This category is intended to provide funding to construct station and/or track improvements to the Capitol Corridor and/or the San Joaquin corridors, as well as to implement new or improved ferry services (including both capital and operations) in Richmond, Hercules, Martinez and/or Antioch. Projects that increase ridership using existing capacity, including incentivizing use by offsetting fares or other methodologies, may also be considered. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/

or federal funds for this project. Any projects funded in this category will be evaluated by the Authority and demonstrate progress toward the Authority's goals of reducing Vehicle Miles Traveled (VMT) and green-house gas (GHG) reductions. Selection of final projects to be based on a performance analysis of project alternatives consistent with Authority requirements. Sponsors of projects requesting funding from this category will be required to demonstrate to the Authority that sufficient funding is available to operate the proposed project and/or service over a long period of time.



REDUCING CONGESTION AND SMOOTHING TRAFFIC



Traffic Flow Improvements and High Capacity Transit Implementation Along I-680 and SR 24

\$250 million

This category is intended to fund an I-680 corridor express lane and operational improvement project to facilitate carpools and increase transit use in the corridors as an alternative to single occupant vehicle travel. Funding may also be used to implement high capacity transit improvements in the corridor (including those identified in the I-680 Transit Investment and Congestion Relief Options and other relevant studies). Funding may also be used to complete improvements to the mainline freeway and/or local interchanges along I-680 and SR 24 as may be required to implement express lane and/or transit projects as well as advanced traffic management programs and/or other projects or programs that encourage the use of

connected vehicle and/or autonomous vehicles in the corridor provided that the project sponsor can show that they reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. Selection of final projects shall be based on a performance analysis of project alternatives consistent with Authority requirements. Projects funded from this category must be on or near the I-680 or the SR 24 corridors. Of the funds assigned to this category in Southwest County, \$20 million will be eligible for interchange improvements on the SR 24. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project.



East County Corridor (Vasco Road and/or Byron Highway Corridors) Improvements

\$117 million

The Authority shall provide funding to construct a new 2-lane "limited access" connector between Byron Highway and Vasco Road south of Camino Diablo Road as well as shoulder and other improvements to the Byron Highway (including a railroad grade separation) to improve safety and access to the Byron Airport and to facilitate economic development and access for goods movement in East Contra Costa County. For the Vasco Road corridor, the Authority shall provide funding for safety and other improvements oriented at facilitating the use of high-capacity transit and/or high occupancy carpools. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for these projects.

Prior to the use of any local sales tax funds to implement capacity improvements to either or both of these corridors,

the Authority Board must make a finding that the project(s) include measures to prevent growth outside of the Urban Limit Lines (ULL). Such measures might include, but are not necessarily limited to, limits on roadway access in areas outside the ULL, purchase of abutters' rights of access, preservation of critical habitat and/or the permanent protection/acquisition of agricultural and open space or performing conservation measures required to cover this project under the East Contra Costa County Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCP). With the exception of the new connection between Vasco Road and the Byron Highway, funding from this category shall not be used to construct new roadways on new alignments. The Authority will work with Alameda and/or San Joaquin Counties to address project impacts in those jurisdictions.



Traffic Flow Improvements Along the SR 242 and SR 4

\$108 million

This category is intended to provide funding to improve traffic flow and reduce congestion between Concord and Brentwood along State Route 242 and State Route 4 to reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Advanced traffic management programs and/or other projects or programs

that encourage the use of connected vehicle and/or autonomous vehicles in the corridor are eligible for funding from this category provided that the project sponsor can demonstrate that they reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. Projects funded from this category must be on or near the SR 242 or SR 4 corridors. Selection of final project(s) shall be based on a performance analysis of project alternatives consistent with Authority requirements.



I-80 Interchange Improvements at San Pablo Dam Road and Central Avenue

\$60 million

This category is intended to fund improvements of the I-80 interchanges at San Pablo Dam Road, Central Avenue, and other locations along I-80 in consultation with the

subregion. The improvements of the interchanges are a priority to gain corridor traffic flow improvements.

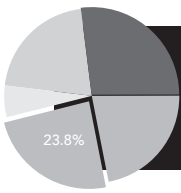


Interstate 680/State Route 4 Interchange

\$60 million

This category is intended to fund an Interstate 680/State Route 4 interchange improvement project as necessary to improve traffic flow and enhance traffic safety along both the I-680 and SR 4 corridors. To the greatest degree possible, local funds generated by this measure shall be

used to leverage additional regional, state and/or federal funds for this project. Authority shall prioritize local funding commitments to this project in such a way as to encourage carpools and vanpools, public transit usage and other alternatives to the single occupant vehicle.



FIXING LOCAL STREETS AND ROADS



Local Street Maintenance & Improvements

\$664 million

This category is intended to fund maintenance and improvement projects on local streets and roads and may be used for any eligible transportation purposes as defined under the Act. The Authority will distribute 23.1 percent of the annual sales tax revenues to all local jurisdictions with a base allocation of \$100,000 for each jurisdiction, the balance will be distributed based 50 percent on relative population and 50 percent on road miles for each jurisdiction, subject to compliance with the Authority's reporting, audit and GMP requirements. Population figures used shall be the most current available from the

State Department of Finance. Road mileage shall be from the most current information included in the Highway Performance Monitoring System (HPMS)

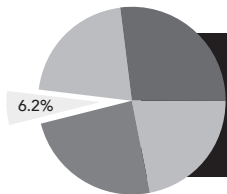
Funds shall be used by each jurisdiction to maintain and enhance existing roadway and other transportation facilities. Jurisdictions shall comply with the Authority's Maintenance of Effort (MOE) policy as well as Implementation Guidelines of this TEP. Local agencies will report on the use of these funds, such as the amount spent on roadway maintenance, bicycle and pedestrian facilities, transit facilities, and other roadway improvements.

Additional Local Street Maintenance & Improvements

\$20 million

This subcategory is intended to fund additional maintenance and improvement projects on local streets and roads. These additional funds will be allocated to Central Contra Costa County jurisdictions based on the formula of 50 percent on

relative population and 50 percent on road miles for each jurisdiction and subject to program requirements detailed above.



PROVIDING AFFORDABLE AND SAFE TRANSPORTATION FOR CHILDREN, SENIORS AND PEOPLE WITH DISABILITIES



Safe Transportation for Children

\$64 million

This category is to provide funds to programs and projects that promote safe transportation options for children to access schools or after school programs. Eligible projects include but are not limited to reduced fare transit passes and transit incentive programs, school bus programs, and projects for pedestrian and bicycle safety that provide school-related access.

The Authority will allocate funds and will establish guidelines (in cooperation with project sponsors) to define priorities and maximize effectiveness. The guidelines may require provisions such as parent contributions; operational efficiencies; specific performance criteria and reporting requirements.



Transportation for Seniors & People With Disabilities

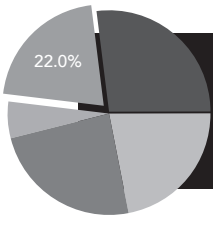
\$115 million

Funding in this category is to support mobility opportunities for seniors and people with disabilities who, due to age or disability, cannot drive or take other transit options.

To ensure services are delivered in a coordinated system that maximizes both service delivery and efficiency, an Accessible Transportation Service (ATS) Strategic Plan will be developed and periodically updated during the term of the measure. No funding under this category will be allocated until the ATS Strategic Plan has been developed and adopted. An overarching component in the development and delivery of the ATS Strategic Plan is using mobility management to ensure coordination and efficiencies in accessible service delivery. The plan will address both Americans with Disabilities Act (ADA) and non-ADA services. The plan will evaluate the appropriate model for our local structure including how accessible services are delivered by all agencies and where appropriate coordination can improve

transportation services, eliminate gaps in service and find efficiencies in the service delivered. The ATS Strategic Plan would also determine the investments and oversight of the program funding and identify timing, projects, service delivery options, administrative structure, and fund leverage opportunities.

The ATS Strategic Plan will be developed by the Authority, in consultation with direct users of service, stakeholders representing seniors and people with disabilities who face mobility barriers, and non-profit and publicly operated paratransit service providers. Public operators in Contra Costa must participate in the ATS planning process to be eligible to receive funding in this category. The ATS Strategic Plan must be adopted no later than April 1, 2018. The development of the ATS Strategic Plan will not affect the allocation of funds to current operators as prescribed in the existing Measure J Expenditure Plan.



BUILDING SUSTAINABLE COMMUNITIES AND PROTECTING THE ENVIRONMENT



Major Streets, Complete Streets, and Traffic Synchronization Project Grants **\$290 million**

This category is intended to fund improvements to major thoroughfares throughout Contra Costa to improve the safe, efficient and reliable movement of buses, vehicles, bicyclists and pedestrians along said corridors (i.e. traffic smoothing). Eligible projects shall include a variety of components that meet the needs of all users and respond to the context of the facility. Projects may include but are not limited to installation of bike and pedestrian facilities, installation of “smart” parking management programs, separated bike lanes, synchronization of traffic signals and other technology solutions to manage traffic, traffic calming and pedestrian safety improvements, shoulders, sidewalks, curbs and gutters, streetscapes and bus transit facility enhancements such as bus turnouts and passenger amenities. As an element of this program, the Authority will adopt a ‘traffic signal synchronization’ program and award grants for installation of ‘state of the art’ technology designed to smooth the flow of traffic along major arterial roadways throughout the county. Funding from this program will be prioritized to projects that improve access for all modes to jobs, commercial areas and transit, and the design process which includes opportunity for public input from existing and potential users of the facility. Priority will be given to projects that can show a high percentage of “other funding” allocated to the project (i.e. – leverage). The Authority will adopt program guidelines that will include information regarding how to evaluate the

range of possible project components. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. All projects funded through this program must comply with the Authority’s Complete Streets Policy and include complete street elements whenever possible. Twenty percent of the program funding will be allocated to four Complete Streets demonstration projects, one in each subregion, recommended by the relevant RTPC and approved by Authority, to demonstrate the successful implementation of Complete Streets projects no later than April 1, 2022.. Projects will be required to strongly pursue the use of separated bike lane facilities in the demonstration project program. The purpose of these demonstration projects is to create examples of successful complete street projects in multiple situations throughout the county.



Pedestrian, Bicycle and Trail Facilities

\$115 million

Two-thirds of the funds from this program shall be used to implement projects in the Countywide Bicycle and Pedestrian Plan, consistent with the current Measure J program. These funds shall be allocated to projects that improve safety for pedestrians and bicyclists, serve the greatest number of users and significant destinations, and remove missing segments and existing barriers to walking and bicycling. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. The review process shall consider project feasibility and readiness and the differing needs of the sub-regions when identifying projects for funding. Funding available through this program is to be primarily used to construct and maintain bicycle, pedestrian and trail facilities, as well as to make safety or other improvements to bicycle, pedestrian and trail facilities. Planning to identify a preferred alignment

for major new bicycle, pedestrian or trail connections may also be funded through this program.

One-third of the funds are to be allocated to the East Bay Regional Park District (EBRPD) for the development and rehabilitation of paved regional trails. EBRPD is to spend its allocation proportionally in each sub-region, subject to the review and approval of the conceptual planning/design phase by the applicable sub-regional committee, prior to funding allocation by the Authority. The Authority in conjunction with EBRPD will develop a maintenance-of-effort requirement for funds under this component of the funding category.

Consistent with the Countywide Bicycle and Pedestrian Plan and the complete streets policy established in this expenditure plan, project sponsors receiving funding through other funding categories in this Plan shall incorporate, whenever possible, pedestrian, bicycle, and trail facilities into their projects.



Community Development Transportation Program

\$100 million

This category is intended to provide funding to implement a new Community Development Transportation Program (CDTP) to be administered by the Authority in conjunction with the Authority's existing Transportation for Livable Communities Program (TLC) with projects identified by the Authority's Regional Transportation Planning Committees (RTPCs). Funds will be allocated by the Authority on a competitive basis to transportation projects or programs that promote housing within planned or established centers that are supported by transit, or that support economic development and job creation in Contra Costa County. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a

comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. Project sponsors must demonstrate that at least 20 percent of the project is funded from other than local transportation sales tax revenue. Additional priority will be given to projects where the sponsor can demonstrate that the project supports and facilitates development of jobs or housing for all income levels and that have additional matching funds that have already been committed or secured. Working with the RTPCs, the Authority will prepare guidelines and establish overall criteria for the program with the intent of complementing and administering the program in conjunction with the Authority's Measure J TLC program no later than December 31, 2017.

Building Sustainable Communities and Protecting the Environment



Innovative Transportation Technology/Connected Communities Program

\$65 million

This category is intended to provide funding for the planning and development of projects and programs that include innovative solutions intended to (a) develop and demonstrate transportation innovation through real-world applications, (b) reduce GHG emissions, and (c) implement connected transportation solutions. The Authority intends innovative solutions to include installing new digital and communications infrastructures, automated processes and intelligent controls, and integration with other community services, such as public safety and communications providers, to support a more integrated transportation system that promotes economic development, expanded job opportunities, increased government efficiency, reductions in consumption of nonrenewable resources, and increased sustainability, safety and mobility. Examples of eligible projects include but are not limited to expanding opportunities for zero emission vehicle charging; smart rideshare, carshare and bikeshare services; on-demand and personal transit services that complement traditional fixed-route transit; smart and automated parking; intelligent, sensor-based infrastructure; smart payment systems; and data sharing to improve mobility choices for all users. Projects are intended to promote connectivity between all users of the transportation network (cars, pedestrians,

bikes, buses, trucks, etc.) and automation technologies that collectively facilitate the transformation toward connected communities. Funding is intended to match State, federal, or regional grants and private-sector investment to achieve maximum benefits. By investing in these solutions, Contra Costa County can become a national model in sustainable, technology-enabled transportation.

A minimum of twenty-five percent is to be allocated to each sub-program (a, b and c above) over the life of the measure. The Authority will prepare guidelines and establish overall criteria for the Innovative Transportation Technology/Connected Communities Program and provide technical resources to project sponsors. All programs/projects will be selected through a competitive project selection process within each subregion with the Authority approving the final programs/projects for each of the sub-programs, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal.

Project sponsors must demonstrate that the programs provide highly efficient services that are cost effective, integrated and responsive to the needs of the community.



Transportation Planning, Facilities and Services

\$43 million

This category is intended to provide funding to implement the countywide Growth Management Program, prepare the countywide transportation plan, and support the

programming and monitoring of federal and state funds, as well as the Authority's Congestion Management Agency functions.



Regional Transportation Priorities

\$19 million

This category is intended to fund any project or program identified in the Expenditure Plan or eligible under the provisions of the Act, including activities that promote

alternatives to travel in single occupant vehicles. Program and project recommendations shall be made by each subregion for consideration and funding by the Authority.

The Growth Management Program

Goals and Objectives

The overall goal of the Growth Management Program is to preserve and enhance the quality of life and promote a healthy, strong economy to benefit the people and areas of Contra Costa through a cooperative, multi-jurisdictional process for managing growth, while maintaining local authority over land use decisions.¹

The objectives of the Growth Management Program are to:

- Assure that new residential, business and commercial growth pays for the facilities required to meet the demands resulting from that growth.
- Require cooperative transportation and land use planning among Contra Costa County, cities, towns, and transportation agencies.
- Support land use patterns within Contra Costa that make more efficient use of the transportation system, consistent with the General Plans of local jurisdictions.
- Support infill and redevelopment in existing urban and brownfield areas.

The Measure J Transportation Expenditure Plan Growth Management Program (see page 18) includes: Principles of Agreement for Establishing the Urban Limit Line, is replaced in its entirety by this Growth Management Program (see page 18): Urban Limit Line (ULL) Definitions and Compliance Requirements.

Components

To receive its share of the 2016 Transforming Contra Costa County Expenditure Plan funding from Local Streets Maintenance and Improvements funds and its share of Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Local Streets Maintenance & Improvements funding and to be eligible for Contra Costa's Measure J Transportation Sales Tax Expenditure Transportation for Livable Communities funds and the 2016 Transforming Contra Costa County Expenditure Plan funding from Community Development Transportation Program funds each jurisdiction must:

1. Adopt a Growth Management Element

Each jurisdiction must adopt, or maintain in place, a Growth Management Element as part of its General Plan that outlines the jurisdiction's goals and policies for managing growth and requirements for achieving those goals. The Growth Management Element must show how the jurisdiction will comply with sections 2–8 below. The Authority will refine its model Growth Management Element and administrative procedures in consultation with the Regional Transportation Planning Committees to reflect the revised Growth Management Program.

Each jurisdiction is encouraged to incorporate other standards and procedures into its Growth Management Element to support the objectives and required components of this Growth Management Program.

2. Adopt a Development Mitigation Program

Each jurisdiction must adopt, or maintain in place, a development mitigation program to ensure that new growth is paying its share of the costs associated with that growth. This program shall consist of both a local program to mitigate impacts on local streets and other facilities and a regional program to fund regional and subregional transportation projects, consistent with the Countywide Comprehensive Transportation Plan.

¹ The Authority will, to the extent possible, attempt to harmonize the Growth Management and the State-mandated Congestion Management Programs. To the extent they conflict, Congestion Management Program Activities shall take precedence over Growth Management activities.

The jurisdiction's local development mitigation program shall ensure that revenue provided from this measure shall not be used to replace private developer funding that has or would have been committed to any project.

The regional development mitigation program shall establish fees, exactions, assessments or other mitigation measures to fund regional or subregional transportation improvements needed to mitigate the impacts of planned or forecast development. Regional mitigation programs may adjust such fees, exactions, assessments or other mitigation measures when developments are within walking distance of frequent transit service or are part of a mixed-use development of sufficient density and with necessary facilities to support greater levels of walking and bicycling. Each Regional Transportation Planning Committee shall develop the regional development mitigation program for its region, taking account of planned and forecast growth and the Multimodal Transportation Service Objectives and actions to achieve them established in the Action Plans for Routes of Regional Significance. Regional Transportation Planning Committees may use existing regional mitigation programs, if consistent with this section, to comply with the Growth Management Program.

3. Address Housing Options

Each jurisdiction shall demonstrate reasonable progress in providing housing opportunities for all income levels as part of a report on the implementation of the actions outlined in its adopted Housing Element. The report will demonstrate progress by:

- a. Comparing the number of housing units approved, constructed or occupied within the jurisdiction over the preceding five years with the number of units needed on average each year to meet the housing objectives established in the jurisdiction's Housing Element; or
- b. Illustrating how the jurisdiction has adequately planned to meet the existing and projected housing needs through the adoption of land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development; or
- c. Illustrating how a jurisdiction's General Plan and zoning regulations facilitate the improvement and development of sufficient housing to meet those objectives.

In addition, each jurisdiction shall consider the impacts that its land use and development policies have on the local, regional and countywide transportation system, including the level of transportation capacity that can reasonably be provided, and shall incorporate policies and standards into its development approval process that support transit, bicycle and pedestrian access in new developments.

4. Participate in an Ongoing Cooperative, Multi-Jurisdictional Planning Process.

Each jurisdiction shall participate in an ongoing process with other jurisdictions and agencies, the Regional Transportation Planning Committees and the Authority to create a balanced, safe and efficient transportation system and to manage the impacts of growth. Jurisdictions shall work with the Regional Transportation Planning Committees to:

- a. Identify Routes of Regional Significance, and establish Multimodal Transportation Service Objectives or other tools adopted by the Authority for measuring performance and quality of service along routes of significance, collectively referred to as Multimodal Transportation Service Objectives for those routes and actions for achieving those objectives.
- b. Apply the Authority's travel demand model and technical procedures to the analysis of General Plan Amendments (GPAs) and developments exceeding specified thresholds for their effect on the regional transportation system, including on Action Plan objectives.
- c. Create the development mitigation programs outlined in section 2 above.
- d. Help develop other plans, programs and studies to address other transportation and growth management issues.

In consultation with the Regional Transportation Planning Committees, each jurisdiction will use the travel demand model

to evaluate changes to local General Plans and the impacts of major development projects for their effects on the local and regional transportation system and the ability to achieve the Multimodal Transportation Service Objectives established in the Action Plans.

Jurisdictions shall also participate in the Authority's ongoing countywide comprehensive transportation planning process. As part of this process, the Authority shall support countywide and subregional planning efforts, including the Action Plans for Routes of Regional Significance, and shall maintain a travel demand model. Jurisdictions shall help maintain the Authority's travel demand modeling system by providing information on proposed improvements to the transportation system and planned and approved development within the jurisdiction.

5. Continuously Comply with an Urban Limit Line (ULL)

In order to be found in compliance with this element of the Authority's Growth Management Program, all jurisdictions must continually comply with an applicable voter approved Urban Limit Line (ULL). Said ULL may either be the Contra Costa County voter approved ULL (County ULL) or a locally initiated, voter approved ULL (LV- ULL).

Additional information and detailed compliance requirements for the ULL are fully defined in the ULL Compliance Requirements, which are incorporated (see page 18).

Any of the following actions by a local jurisdiction will constitute non-compliance with the Growth Management Program:

1. The submittal of an annexation request to Local Agency Formation Commission (LAFCO) for lands outside of a jurisdiction's applicable ULL.
2. Failure to conform to the Authority's ULL Compliance Requirements (See page 18).

6. Develop a Five-Year Capital Improvement Program

Each jurisdiction shall prepare and maintain a capital improvement program that outlines the capital projects needed to implement the goals and policies of the jurisdiction's General Plan for at least the following five-year period. The Capital Improvement Program shall include approved projects and an analysis of the costs of the proposed projects as well as a financial plan for providing the improvements. The jurisdiction shall forward the transportation component of its capital improvement program to the Authority for incorporation into the Authority's database of transportation projects.

7. Adopt a Transportation Systems Management (TSM) Ordinance or Resolution

To promote carpools, vanpools and park and ride lots, each jurisdiction shall adopt a local ordinance or resolution that conforms to the model Transportation Systems Management Ordinance that the Transportation Authority has drafted and adopted. Upon approval of the Authority, cities with a small employment base may adopt alternative mitigation measures in lieu of a TSM ordinance or resolution.

8. Adopt Additional Growth Management Policies, as applicable

Each jurisdiction shall adopt and thereafter continuously maintain the following policies (where applicable): a hillside development policy, a ridgeline protection policy, a wildlife corridor policy and a creek development policy. Where a jurisdiction does not have a developable hillside, ridgeline, wildlife corridor or creek, it need not adopt the corresponding policy. An ordinance that implements the East Contra Costa HCP/NCCP shall satisfy the requirement to have an adopted wildlife corridor policy and creek development policy. In addition to the above, jurisdictions with Prime Farmland and Farmland of Statewide Importance (as defined by the California Dept. of Conservation and mapped by FMMP) within their planning areas but outside of their city shall adopt and thereafter continuously maintain an Agricultural Protection Policy. The policy must ensure that potential impacts of converting Prime Farmland and Farmland of Statewide Importance outside the ULL to other uses are identified and disclosed when considering such a conversion. The applicable policies are required to be in place by no later than April 1, 2019.

Allocation of Funds

Portions of the monies received from the retail transaction and use tax will be returned to the local jurisdictions (the cities and the county) for use on local, subregional and/or regional transportation improvements and maintenance projects. Receipt of all such funds requires compliance with the Growth Management Program and the allocation procedures described below. The funds are to be distributed on a formula based on population and road miles.

Each jurisdiction shall demonstrate its compliance with all of the components of the Growth Management Program in a completed compliance checklist. The jurisdiction shall submit, and the Authority shall review and make findings regarding the jurisdiction's compliance with the requirements of the Growth Management Program, consistent with the Authority's adopted policies and procedures.

If the Authority determines that the jurisdiction complies with the requirements of the Growth Management Program, it shall allocate to the jurisdiction its share of 2016 Transforming Contra Costa County Expenditure Plan funding from Local Streets Maintenance and Improvements funding and its share of Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Local Streets Maintenance & Improvements funding. Jurisdictions may use funds allocated under this provision to comply with these administrative requirements.

If the Authority determines that the jurisdiction does not comply with the requirements of the Growth Management Program, the Authority shall withhold those funds and also make a finding that the jurisdiction shall not be eligible to receive 2016 Transforming Contra Costa County Expenditure Plan funding from Community Development Transportation Program funds or Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Transportation for Livable Communities funds until the Authority determines the jurisdiction has achieved compliance. The Authority's findings of noncompliance may set deadlines and conditions for achieving compliance.

Withholding of funds, reinstatement of compliance, reallocation of funds and treatment of unallocated funds shall be as established in adopted Authority's policies and procedures.

Urban Limit Line (ULL) Compliance Requirements

Definitions - the following definitions apply to the GMP ULL requirement:

1. Urban Limit Line (ULL): An urban limit line, urban growth boundary, or other equivalent physical boundary judged by the Authority to clearly identify the physical limits of the local jurisdiction's future urban development
2. Local Jurisdictions: Includes Contra Costa County, the 19 cities and towns within Contra Costa, plus any newly incorporated cities or towns established after April 1, 2017.
3. County ULL: A ULL placed on the ballot by the Contra Costa County Board of Supervisors, approved by voters at a countywide election, and in effect through the applicable GMP compliance period. The current County ULL was established by Measure L approved by voters in 2006.

The following local jurisdictions have adopted the County ULL as their applicable ULL:

City of Brentwood	Town of Moraga
City of Clayton	City of Oakley
City of Concord	City of Orinda
Town of Danville	City of Pinole

City of El Cerrito	City of Pleasant Hill
City of Hercules	City of Richmond
City of Lafayette	City of San Pablo
City of Martinez	City of Walnut Creek

4. Local Voter ULL (LV-ULL): A ULL or equivalent measure placed on the local jurisdiction ballot, approved by the jurisdiction's voters, and recognized by action of the local jurisdiction's legislative body as its applicable, voter-approved ULL. The LV-ULL will be used as of its effective date to meet the Authority's GMP ULL requirement and must be in effect through the applicable GMP compliance period.

The following local jurisdictions have adopted a LV-ULL:

City of Antioch
City of San Ramon
City of Pittsburg

5. Minor Adjustment: An adjustment to the ULL of 30 acres or less is intended to address unanticipated circumstances.
6. Other Adjustments: Other adjustments that address issues of unconstitutional takings, and conformance to state and federal law.

Revisions to the ULL

1. A local jurisdiction which has adopted the County ULL as its applicable ULL may revise its ULL with local voter approval at any time during the term of the Authority's GMP by adopting a LV-ULL in accordance with the requirements outlined for a LV-ULL contained in the definitions section.
2. A local jurisdiction may revise its LV-ULL with local voter approval at any time during the term of the Authority's GMP if the resultant ULL meets the requirements outlined for a LV-ULL contained in the definitions section.
3. If voters, through a countywide ballot measure, approve a revision to the County ULL, the legislative body of each local jurisdiction relying on the County ULL shall:
 - a. Accept and approve its existing ULL to continue as its applicable ULL, or
 - b. Accept and approve the revised County ULL as its applicable ULL, or
 - c. Adopt a LV-ULL in accordance with the requirements outlined for a LV-ULL contained in the definitions section.
4. Local jurisdictions may, without voter approval, enact Minor Adjustments to their applicable ULL subject to a vote of at least 4/5 of the jurisdiction's legislative body and meeting the following requirements:
 - a. Minor adjustment shall not exceed 30 acres.
 - b. Adoption of at least one of the findings listed in the County's Measure L (§82-1.018 of County Ordinances 2006-06 § 3, 91-1 § 2, 90-66 § 4) which include:
 - A natural or man-made disaster or public emergency has occurred which warrants the provision of housing and/or other community needs within land located outside the urban limit line.
 - An objective study has determined that the urban limit line is preventing the jurisdiction from providing its fair share of affordable housing, or regional housing, as required by state law, and the governing elected legislative body finds that a change to the urban limit line is necessary and the only feasible means to enable the county jurisdiction to meet these requirements of state law.

- A majority of the cities that are party to a preservation agreement and the county have approved a change to the urban limit line affecting all or any portion of the land covered by the preservation agreement.
 - A minor change to the urban limit line will more accurately reflect topographical characteristics or legal boundaries.
 - A five-year cyclical review of the urban limit line has determined, based on the criteria and factors for establishing the urban limit line set forth in Contra Costa County Code (Section 82-1.010), that new information is available (from city, town, or county growth management studies or otherwise) or circumstances have changed, warranting a change to the urban limit line.
 - An objective study has determined that a change to the urban limit line is necessary or desirable to further the economic viability of the East Contra Costa County Airport, and either (i) mitigate adverse aviation-related environmental or community impacts attributable to Buchanan Field, or (ii) further the county's aviation related needs; or
 - A change is required to conform to applicable California or federal law.
- c. Adoption of a finding that the proposed Minor Adjustment will have a public benefit. Said public benefit could include, but is not necessarily limited to, enhanced mobility of people or goods, environmental protections or enhancements, improved air quality or land use, enhanced public safety or security, housing or jobs, infrastructure preservation or other significant positive community effects as defined by the local land use authority. If the proposed Minor Adjustment to the ULL is proposed to accommodate housing or commercial development, said proposal must include permanent environmental protections or enhancements such as the permanent protection of agricultural lands, the dedication of open space or the establishment of permanent conservation easements.
- d. The Minor Adjustment is not contiguous to one or more non-voter approved Minor Adjustments that in total exceed 30 acres.
- e. The Minor Adjustment does not create a pocket of land outside the existing urban limit line, specifically to avoid the possibility of a jurisdiction wanting to fill in those subsequently through separate adjustments.
- f. Any jurisdiction proposing to process a minor adjustment to its applicable ULL that impacts Prime Farmland and Farmland of Statewide Importance (as defined by the California Dept. of Conservation and mapped by FMMP) is required to have an adopted Agricultural Protection Ordinance or must demonstrate how the loss of these agricultural lands will be mitigated by permanently protecting farmland.
5. A local jurisdiction may revise its LV-ULL, and the County may revise the County ULL, to address issues of unconstitutional takings or conformance to State or federal law.

Conditions of Compliance

1. Submittal of an annexation request of greater than 30 acres by a local jurisdiction to LAFCO outside of a voter-approved ULL will constitute non-compliance with the GMP.
2. For each jurisdiction, an applicable ULL shall be in place through each GMP compliance reporting period in order for the local jurisdiction to be found in compliance with the GMP requirements.

Complete Streets Policy

Vision

This Plan envisions a transportation system in which each component provides safe, comfortable and convenient access for every user allowed to use it. These users include pedestrians, bicyclists, transit riders, automobile drivers and their passengers, and truckers, and people of varying abilities, including children, seniors, people with disabilities and able-bodied adults. The goal of every transportation project is to provide safer, more accessible facilities for all users and all projects shall be planned, designed, constructed and operated to take advantage of that opportunity.

By making streets more efficient and safe for all users, a complete streets approach will expand capacity and improve mobility for all users, giving commuters convenient options for travel and minimizing the need to widen roadways.

Policy

To achieve this vision, all recipients of funding through this Plan shall consider and accommodate, wherever possible and subject to the Exceptions listed in this Policy, the needs of all users in the planning, design, construction, reconstruction, rehabilitation and maintenance of the transportation system. This determination shall be consistent with the exceptions listed below. Achieving this vision will require balancing the needs of different users, and may require reallocating existing right of way for different uses.

The Authority shall revise its project development guidelines to require the consideration and accommodation of all users in the design and construction of projects funded with Measure funds and shall adopt peer review and design standards to implement that approach. The guidelines will allow flexibility in responding to the context of each project and the needs of users specific to the project's context, and will build on accepted best practices for complete streets and context-sensitive design.

To ensure that this policy is carried out, the Authority shall prepare a checklist that sponsors of projects using Measure funds must submit that documents how the needs of all users were considered and how they were accommodated in the design and construction of the project. In the checklist, the sponsor will outline how they provided opportunity for public input, in a public forum, from all users early in the project development and design process. If the proposed project or program will not provide context appropriate conditions for all users, the sponsor shall document the reasons why in the checklist, consistent with the following section on "exceptions" below. The completed checklist shall be made part of the approval of programming of funding for the project or the funding allocation resolution.

Recipients of Local Maintenance and Improvements funds shall adopt procedures that ensure that all agency departments consider and accommodate the needs of all users for projects or programs affecting public rights of way for which the agency is responsible. These procedures shall:

- 1) be consistent with and be designed to implement each agency's general plan policies once that plan has been updated to comply with the Complete Streets Act of 2008,
- 2) involve and coordinate the work of all agency departments and staff whose projects will affect the public right of way,
- 3) consider the complete street design standards adopted by the Authority, and
- 4) provide opportunity for public review by all potential users early in the project development and design phase so that options can be fully considered. This review could be done through an advisory committee such as a Bicycle and Pedestrian Advisory Committee or as part of the review of the agency's capital improvement program.

As part of their biennial Growth Management Program checklist, agencies shall list projects funded by the Measure and detail how those projects accommodated users of all modes.

As part of the multi-jurisdictional planning required by the Growth Management Program, agencies shall work with the Authority and the Regional Transportation Planning Committees to harmonize the planning, design and construction of transportation facilities for all modes within their jurisdiction with the plans of adjoining and connecting jurisdictions.

Exceptions

Project sponsors may provide a lesser accommodation or forgo complete street accommodation components when the public works director or equivalent agency official finds that:

1. Pedestrians, bicyclists, or other users are prohibited by law from using the transportation facility,
2. The cost of new accommodation would be excessively disproportionate to the need or probable use, or
3. The sponsor demonstrates that, such accommodation is not needed, based on objective factors including:
 - a. current and projected user demand for all modes based on current and future land use, and
 - b. lack of identified conflicts, both existing and potential, between modes of travel.

Project sponsors shall explicitly approve exceptions findings as part of the approval of any project using measure funds to improve streets classified as a major collector or above.¹ Prior to this project sponsors must provide an opportunity for public input at an approval body (that regularly considers design issues) and/or the governing board of the project sponsor.

Advance Mitigation Program

The Authority is committed to participate in the creation and funding of an Advance Mitigation Program as an innovative way to advance needed infrastructure projects more efficiently and provide more effective conservation of our natural resources, watersheds and wetlands, and agricultural lands. As a global biodiversity hot spot, the Bay Area and Contra Costa County hosts an extraordinarily rich array of valuable natural communities and ecosystems that provide habitat for rare plants and wildlife, and support residents' health and quality of life by providing clean drinking water, clean air, opportunities for outdoor recreation, protection from disasters like flooding, landslides, and adaptation to climate change. The Advance Mitigation Program aims to integrate conservation into infrastructure agencies' plans and project development well in advance and on a regional scale to reduce potential impacts of transportation projects, as well as to drive mitigation dollars to protect regional conservation priorities and protect important ecological functions, watersheds and wetlands, and agricultural lands that are at threat of loss. The Advance Mitigation Program will provide environmental mitigation activities specifically required under the California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA), Clean Water Act Section 401 and Section 404, and other applicable regulations in the implementation of the major highway, transit and regional arterial and local streets and roads projects identified in the Plan.

The Authority's participation in an Advance Mitigation Program is subject to the following conditions:

1. Development of a Regional Conservation Assessment/Framework that identifies conservation priorities and mitigation opportunities for all of Contra Costa County. The Regional Conservation Assessment/Framework will include countywide opportunities and strategies that are, among other requirements, consistent with

1. Major Collectors and above, as defined by the California Department of Transportation California Road System (CRS maps).

and support the East Contra Costa County Habitat Conservation Plan/Natural Community Conservation Plan (East Contra Costa HCP/NCCP) for the areas of the county covered by the East Contra Costa HCP/NCCP. The Regional Conservation Assessment/Framework will identify mitigation opportunities for all areas of the county to ensure that mitigation occurs in the vicinity of the project impact to the greatest extent possible. The Authority will review and approve the Regional Conservation Assessment/Framework, in consultation with the RTPCs, prior to the allocation of funds for Advance Mitigation Program.

2. Development of a Project Impacts Assessment that identifies the portfolio of projects to be included in the Advance Mitigation Program and the estimated costs for mitigation of the environmental impacts of the projects. The Authority will review and approve the Project Impacts Assessment prior to the allocation of funds for the Advance Mitigation Program. The Assessment and estimated costs do not in any way limit the amount of mitigation that may be necessary or undertaken for the environmental impacts of the projects.
3. Development of the legislative and regulatory framework necessary to implement an Advance Mitigation Program in Contra Costa County.
4. The identification of the Implementing Agency to administer the Advance Mitigation Program for Contra Costa County or portions of the Bay Area Including Contra Costa County.

The Authority will determine the amount of funds to be dedicated to this Program following the satisfaction of the above conditions. Funds from the Plan will be allocated consistent with the Regional Conservation Assessment/Framework to fund environmental mitigation activities required in the implementation of the major highway, transit and regional arterial and local streets and roads projects identified in the Plan. If this approach cannot be fully implemented, these funds shall be used for environmental mitigation purposes on a project by project basis. Mitigation required for future transportation improvements identified in the Plan are not limited by the availability of funding or mitigation credits available in the Program.

Projects funded from the following categories of Expenditures are eligible for inclusion in the Advance Mitigation Program:

- Major Streets, Complete Streets and Traffic Synchronization Project Grants
- East Contra Costa Transit Extension
- High Capacity Transit Improvements along the I-80 Corridor in West Contra Costa County
- Traffic Flow Improvements Along I-680 and SR 24
- Traffic Flow Improvements Along SR 242 and SR 4
- I-80 Interchange Improvements at San Pablo Dam Road and Central Ave
- I-680 and SR 4 Interchange Improvements
- East County Corridor (Vasco Road and/or Byron Highway Corridors)
- Pedestrian, Bicycle and Trail Facilities
- Community Development Transportation Program

Governing Structure

Governing Body and Administration

The Authority is governed by a Board composed of 11 members, all elected officials, with the following representation:

- Two members from the Central County Regional Transportation Planning Commission (RTPC) also referred to as TRANSPAC
- Two members from the East County RTPC, also referred to as TRANSPLAN
- Two members from the Southwest County RTPC, also referred to as SWAT
- Two members from the West County RTPC, also referred to as WCCTAC
- One member from the Conference of Mayors
- Two members from the Board of Supervisors

The Authority Board also includes three (3) ex-officio, non-voting members, appointed by the MTC, BART and the Public Transit Operators in Contra Costa County.

The four subregions within Contra Costa: Central, West, Southwest and East County are each represented by a Regional Transportation Planning Commission (RTPC). Central County (TRANSPAC subregion) includes Clayton, Concord, Martinez, Pleasant Hill, Walnut Creek and the unincorporated portions of Central County. West County (WCCTAC subregion) includes El Cerrito, Hercules, Pinole, Richmond, San Pablo and the unincorporated portions of West County. Southwest County (SWAT subregion) includes Danville, Lafayette, Moraga, Orinda, San Ramon and the unincorporated portions of Southwest County. East County (TRANSPLAN subregion) includes Antioch, Brentwood, Oakley, Pittsburg and the unincorporated portions of East County.

Public Oversight Committee

The Public Oversight Committee (Committee) shall provide diligent, independent and public oversight of all expenditures of Measure funds by Authority or recipient agencies (County, cities and towns, transit operators, etc). The Committee will report to the public and focus its oversight on the:

- Review of allocation and expenditure of Measure funds to ensure that all funds are used consistent with the Measure.
- Review of fiscal audits of Measure expenditures.
- Review of performance audits of projects and programs relative to performance criteria established by the Authority, and if performance of any project or program does not meet its established performance criteria, identify reasons why and make recommendations for corrective actions that can be taken by the Authority Board for changes to project or program guidelines.
- Review of application of the Performance-based Review policy
- Review of the maintenance of effort compliance requirements of local jurisdictions for local streets, roads and bridges funding.
- Review of each jurisdiction's Growth Management Checklist and compliance with the Growth Management Plan policies.

The Committee shall prepare an annual report including an account of the Committee's activities during the previous year, its review and recommendations relative to fiscal or performance audits, and any recommendations made to the

Authority Board for implementing the expenditure plan. The report will be noticed in local media outlets throughout Contra Costa County, posted to the Authority Website and made continuously available for public inspection at Authority offices. The report shall be composed of easy to understand language not in an overly technical format. The Committee shall make an annual presentation to the Authority Board summarizing the annual report subsequent to its release.

Committee members shall be selected to reflect community, business organizations and other interests within the County. The goal of the membership makeup of the Public Oversight Committee is to provide a balance of viewpoints including but not limited to geography, age, gender, ethnicity and income status to represent the different perspectives of the residents of Contra Costa County. One member will be nominated by each of the four subregions with the RTPC representing the subregion nominating the member. The Board of Supervisors will nominate four members, with each of these four members residing in and representing one of the county's four subregions. Eight members will be nominated by each respective organization detailed here, with each having one representative: League of Women's Voters, Contra Costa Taxpayers Association, East Bay Leadership Council, Building and Construction Trades Council, Central Labor Council, Paratransit Coordinating Council, Bike East Bay, and environmental and/or open space organizations operating in Contra Costa County (specific organization may vary during the life of the measure). About one half of the initial member appointments will be for two years and the remaining appointments will be for three year terms. Thereafter, members will be appointed to two year terms. Any individual member can serve on the Committee for no more than 6 consecutive years.

Committee members will be Contra Costa County residents who are not elected officials at any level of government or public employees from agencies that either oversee or benefit from the proceeds of the Measure. Membership is restricted to individuals with no economic interest in any of Authority's projects or programs. If a member's status changes so that he/she no longer meet these requirements, or if a member resigns his/her position on the Committee, the Authority Board will issue a new statement of interest from the same stakeholder category to fill the vacant position.

The Committee shall meet up to once a month to carry out its responsibility, and shall meet at least once every 3 months. Meetings shall be held at the same location as the Authority Board meetings are usually held, shall be open to the public and must be held in compliance with California's open meeting law (Brown Act). Meetings shall be recorded and the recordings shall be posted for the public.

Members are expected to attend all meetings. If a member, without good reason acceptable to the Chair of the Committee, fails to attend either (a) two or more consecutive meetings or (b) more than 3 meetings a year, the Authority Board will request a replacement from the stakeholder categories listed above.

The Authority commits to support the oversight process through cooperation with the Committee by providing access to project and program information, audits, and other information available to the Authority, and with logistical support so that the Committee may effectively perform its oversight function. The Committee will have full access to Authority's independent auditors, and may request Authority staff briefings for any information that is relevant to the Measure. The Committee Chair shall inform the Authority Board Chair and Executive Director of any concern regarding Authority staff's commitment to open communication, the timely sharing of information, and teamwork.

The Committee shall not have the authority to set policy or appropriate or withhold funds, nor shall it participate in or interfere with the selection process of any consultant or contractor hired to implement the expenditure plan.

The Committee shall not receive monetary compensation except for the reimbursement of travel or other incidental expenses, in a manner consistent with other Authority advisory committees

In order to ensure that the oversight by the Committee continues to be as effective as possible, the efficacy of the Committee's Charter (i.e. this document) will be evaluated on a periodic basis and a formal review will be conducted by the Authority Board, Executive Director and the Committee a minimum of every five years to determine if any amendments

to this Charter should be made. The formal review will include a benchmarking of the Committee's activities and charter with other best-in-class oversight committees. Amendments to this Charter shall be proposed by the Committee and adopted or rejected by the Authority Board.

The Committee replaces the Authority's existing Citizens Advisory Committee.

Advisory Committees

The Authority will continue the committees that were established as part of the Transportation Partnership Commission organization as well as other committees that have been utilized by the Authority to advise and assist in policy development and implementation. The committees include:

The Regional Transportation Planning Committees that were established to develop transportation plans on a geographic basis for sub-areas of the County, and

- The Technical Coordinating Committee that will serve as the Authority's technical advisory committee.
- The Paratransit Coordinating Council
- The Bicycle and Pedestrian Advisory Committee
- Bus Transit Coordinating Committee

Implementing Guidelines

This Transportation Expenditure Plan (Plan) is guided by principles that ensure the revenue generated by the sales tax is spent only for the purposes outlined in this Plan in the most efficient and effective manner possible, consistent with serving the transportation needs of Contra Costa County. The following Implementing Guidelines shall govern the administration of sales tax revenues by the Authority. Additional detail for certain Implementing Guidelines is found elsewhere in this Plan.

Duration of the Plan

The duration of the Plan shall be for 30 years from April 1, 2017 through March 31, 2047.

Administration of the Plan

1. **Funds only Projects and Programs in the Plan:** Funds collected under this Measure may only be spent for purposes identified in the Plan, as it may be amended by the Authority governing body. Identification of Projects or Programs in the Plan does not ensure their implementation. As authorized, the Authority may amend or delete Projects and Programs identified in the Plan, including to provide for the use of additional federal, state and local funds, to account for unexpected revenue, to maintain consistency with the current Contra Costa Countywide Transportation Plan, to take into consideration unforeseen circumstances, and to account for impacts, alternatives, and potential mitigation determined during review under the California Environmental Quality Act (CEQA) at such time as each Project and Program is proposed for approval.
2. **All Decisions Made in Public Process:** The Authority is given the fiduciary duty of administering the transportation sales tax proceeds in accordance with all applicable laws and with the Plan. Activities of the Authority will be conducted in public according to state law, through publically noticed meetings. The annual budgets of Authority, strategic plans and annual reports will all be prepared for public review. The interest of the public will be further protected by a Public Oversight Committee, described previously in the Plan.

3. **Salary and Administration Cost Caps:** Revenues may be expended by the Authority for salaries, wages, benefits, overhead and those services including contractual services necessary to administer the Measure; however, in no case shall the expenditures for the salaries and benefits of the staff necessary to perform administrative functions for the Authority exceed one half percent (0.5%) of revenues from the Measure. The allocated costs of Authority staff who directly implement specific projects or programs are not included in the administrative costs.
4. **Expenditure Plan Amendments Require Majority Support:** The Authority may review and propose amendments to the Expenditure Plan and the Growth Management Program to provide for the use of additional federal, state and local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances. Affected Regional Transportation Planning Committee(s) will participate in the development of the proposed amendment(s). A majority of the Authority Board is required to approve an amendment and all jurisdictions within the county will be given a 45 day period to comment on any proposed Expenditure Plan amendment.
5. **Augment Transportation Funds:** Funds generated pursuant to the Measure are to be used to supplement and not replace existing local revenues used for transportation purposes. Any funds already allocated, committed or otherwise included in the financial plan for any project in the Plan shall be made available for project development and implementation as required in the project's financial and implementation program.
6. **Jurisdiction:** The Authority retains sole discretion regarding interpretation, construction, and meaning of words and phrases in the Transportation Expenditure Plan.

Taxpayer Safeguards, Audits and Accountability

7. **Public Oversight Committee:** The Public Oversight Committee will provide diligent, independent and public oversight of all expenditures of Measure funds by Authority or recipient agencies (County, cities and towns, transit operators, etc). The Committee will report to the public and focus its oversight on annual audits, the review and allocation of Measure funds, the performance of projects and programs in the Plan, and compliance by local jurisdictions with the maintenance of effort and Growth Management Program described previously in the Plan
8. **Fiscal Audits:** All Funds expended by Authority directly and all funds allocated by formula or discretionary grants to other entities are subject to fiscal audit. Recipients of Local Streets Maintenance & Improvements, Bus Transit and Other Non-Rail Transit Enhancements, or Transportation for Seniors & People With Disabilities programs funding (including but not limited to County, cities and towns and transit operators) will be audited at least once every five (5) years, conducted by an independent CPA. Any agency found to be in non-compliance shall have its formula sales tax funds withheld, until such time as the agency is found to be in compliance.
9. **Performance Audits:** The following funding categories shall be subject to performance audits by the Authority: Local Streets Maintenance and Improvements, Major Streets/Complete Streets/Traffic Signal Synchronization Program, Bus Transit and Other Non-Rail Transit Enhancements, Transportation for Seniors and People with Disabilities, Safe Transportation for Children, Intercity Rail and Ferry Service, Pedestrian, Bicycle, and Trail Facilities, Community Development Transportation Program, and Innovative Transportation Technology/ Connected Communities Program. Each year, the Authority shall select and perform a focused performance audit on two or three of the funding categories listed above, so that at the end of the fourth year all funding categories listed above are audited. This process shall commence two years after passage of the new sales tax measure. Additional Performance Audits shall continue on a similar cycle for the duration of the Plan. The performance audits shall provide an accurate quantitative and qualitative evaluation of the funding categories to determine the effectiveness in meeting the performance criteria established by the Authority. In the event that any performance audit determines that a funding category is not meeting the performance requirements

established by the Authority, the audit shall include recommendations for corrective action including but not limited to revisions to Authority policies or program guidelines that govern the expenditure of funds.

10. **Maintenance of Effort (MOE):** Funds generated by the new sales tax Measure are to be used to supplement and not replace existing local revenues used for streets and highways purposes. The basis of the MOE requirement will be the average of expenditures of annual discretionary funds on streets and highways, as reported to the Controller pursuant to Streets and Highways Code Section 2151 for the three most recent fiscal years before the passage of the Measure where data is available. The average dollar amount will then be increased once every three years by the construction cost index of that third year. Penalty for non-compliance of meeting the minimum MOE is immediate loss of all Local Streets Maintenance and Improvements funds until MOE compliance is achieved. The audit of the MOE contribution shall be at least once every five years. Any agency found to be in non-compliance shall be subject to annual audit for three years after they come back into compliance.

Any local jurisdiction wishing to adjust its maintenance of effort requirement shall submit to the Authority a request for adjustment and the necessary documentation to justify the adjustment. The Authority staff shall review the request and shall make a recommendation to the Authority. Taking into consideration the recommendation, the Authority may adjust the annual average of expenditures reported pursuant to Streets and Highways Code Section 2151. The Authority shall make an adjustment if one or more of the following conditions exists:

1. The local jurisdiction has undertaken one or more major capital projects during those fiscal years, that required accumulating unrestricted revenues (i.e., revenues that are not restricted for use on streets and highways such as general funds) to support the project during one or more fiscal years.
 2. A source of unrestricted revenue used to support the major capital project or projects is no longer available to the local jurisdiction and the local jurisdiction lacks authority to continue the unrestricted funding source.
 3. One or more sources of unrestricted revenues that were available to the local jurisdiction is producing less than 95 percent of the amount produced in those fiscal years, and the reduction is not caused by any discretionary action of the local jurisdiction.
 4. The local jurisdiction Pavement Condition Index (PCI) is 70 or greater, as calculated by the jurisdiction Pavement Management System and reported to the Metropolitan Transportation Commission.
11. **Annual Budget and Strategic Plan:** Each year, the Authority will adopt an annual budget that estimates expected sales tax receipts, other anticipated revenue and planned expenditures for the year. On a periodic basis, the Authority will also prepare a Strategic Plan which will identify the priority for projects; the date for project implementation based on project readiness and availability of project funding; the state, federal and other local funding committed for project implementation, and other relevant criteria. The annual budget and Strategic Plan will be adopted by the Authority Board at a public meeting.
 12. **Requirements for Fund Recipients:** All recipients of funds allocated in this expenditure plan will be required to sign a Master Cooperative Agreement that defines reporting and accountability elements and as well as other applicable policy requirements. All funds will be appropriated through an open and transparent public process.
 13. **Geographic Equity:** The proposed projects and programs to be funded through the Plan constitute a “balanced” distribution of funding allocations to each subregion in Contra Costa County. However, through the course of the Measure, if any of the projects prove to be infeasible or cannot be implemented, the affected subregion may request that the Authority reassign funds to another project in the same subregion, as detailed in an Authority Fund Allocations policy, and to maintain a “balanced” distribution of funding allocations to each subregion.

Restrictions On Funds

14. **Expenditure Shall Benefit Contra Costa County:** Under no circumstance may the proceeds of this transportation sales tax be applied for any purpose other than for transportation improvements benefitting residents of Contra Costa County. Under no circumstance may these funds be appropriated by the State of California or any other local government agency as defined in the implementing guidelines.
15. **Environmental Review:** All projects funded by sales tax proceeds are subject to laws and regulations of federal, state, and local government, including the requirements of the California Environmental Quality Act (CEQA). Prior to approval or commencement of any project or program included in the Plan, all necessary environmental review required by CEQA shall be completed.
16. **Performance-based Project Review:** Before the allocation of any measure funds for the construction of a project with an estimated capital cost in excess of \$25 million (or elements of a corridor project with an overall estimated cost in excess of \$25 million), the Authority will: 1) verify that the project is consistent with the approved Countywide Transportation Plan (CTP), as it may be amended, 2) verify that the project is included in the Regional Transportation Plan / Sustainable Communities Strategy, and 3) require the project sponsor to complete a performance based review of project alternatives prior to the selection of a preferred alternative. Said performance based review will include, but not necessarily be limited to, an analysis of the project impacts on greenhouse gas emissions, vehicle miles travelled, goods movement effectiveness, travel mode share, delay (by mode), safety, maintenance of the transportation system and consistency with adopted Authority plans. The Authority may require the evaluation of other performance criteria depending on the specific need and purpose of the project. When appropriate, the Authority will encourage project sponsors to identify and select a project alternative that reduces greenhouse gas emissions as well as vehicle miles travelled per capita. The Authority will also prioritize and reward high performing projects by leveraging additional regional and other funding sources. The Authority shall adopt detailed guidelines for evaluating project performance and applying performance criteria in the review and selection of a preferred project alternative no later than October 1, 2018.
17. **Countywide Transportation Plan:** State law allows each county in the San Francisco Bay Area that is subject to the jurisdiction of the regional transportation planning agency to prepare a Countywide Transportation Plan (CTP) for the county and cities within the county. Both Measure C and Measure J also require the Authority to prepare and periodically update a CTP for Contra Costa. State law also created an inter-dependent relationship between the CTP and regional planning agency. Each CTP must consider the region's most recently adopted Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) while the adopted CTPs must form the "primary basis" for the next RTP and SCS. The Authority shall follow applicable statutes and the most current guidelines for preparing the CTP, as established and periodically updated by the regional transportation planning agency. The Authority shall also use the CTP to convey the Authority's investment priorities, consistent with the long-range vision of the RTP and SCS.
18. **Complete Streets:** The Authority has adopted a policy requiring all recipients of funding through this Plan to consider and accommodate, wherever possible, the needs of all users in the planning, design, construction, reconstruction, rehabilitation and maintenance of the transportation system. Achieving this vision will require balancing the needs of different users, and may require reallocating existing right of way for different uses.
19. **Compliance with the Growth Management Program:** If the Authority determines that a jurisdiction does not comply with the requirements of the Growth Management Program, the Authority shall withhold funds and also make a finding that the jurisdiction shall not be eligible to receive Local Streets Maintenance & Improvements or Community Development Transportation Program (CDTP) funding until the Authority determines the jurisdiction has achieved compliance, as detailed in the Growth Management Program section of the Plan.

20. **Local Contracting and Good Jobs:** Authority will develop a policy supporting the hiring of local contractors and businesses, including policy requiring prevailing wages, apprenticeship programs for Contra Costa residents, and veteran hiring policy (such as the Helmets to Hardhats program) to the extent permitted by law. The Authority, will adopt the aforementioned policy for projects and programs funded by the measure no later than April 1, 2018.
21. **New Agencies:** New cities or new entities (such as new transit agencies) that come into existence in Contra Costa County during the life of the Plan may be considered as eligible recipients of funds through a Plan amendment.
22. **Countywide Transit Plan:** The Authority will develop a countywide transit plan identifying services and projects to be funded with this Measure. The plan will be inclusive of services and projects in adopted plans of existing transit operators which have gone through a public review process prior to adoption. The plan will be periodically reviewed and updated. Funding will be allocated by the Authority throughout the County based on input from each Regional Transportation Planning Committee and on performance criteria established by the Authority in consultation with local and regional bus transit operators, providers of alternate non-rail transportation, and stakeholders. Said performance criteria will include a review of impact on Vehicle Miles Traveled (VMT) and Green-house Gas (GHG) and shall require a finding that any proposed new or enhanced services demonstrate the ability to improve regional and/or local mobility for Contra Costa residents.

Project Financing Guidelines and Managing Revenue

23. **Fiduciary Duty:** Funds may be accumulated for larger or longer term projects. Interest income generated will be used for the purposes outlined in the Plan and will be subject to audits.
24. **Project and Program Financing:** The Authority has the authority to bond for the purposes of expediting the delivery of transportation projects and programs. The Authority will develop a policy to identify financing procedures for the entire plan of projects and programs.
25. **Programming of Variations from the Expected Revenue:** Actual revenues may, at times be higher or lower than expected in this Plan due to changes in receipts. Additional funds may become available due to the increased opportunities for leveraging or project costs being less than expected. Revenue may be lower than expected as the economy fluctuates. Determination of when the contingency funds become excess will be established by a policy defined by the Authority. Funds considered excess will be prioritized first to expenditure plan projects and programs, and second to other projects of regional significance that are consistent with the expenditure plan. The new project or program will be required to be amended into the expenditure plan.
26. **Fund Allocations:** Through the course of the Measure, if any of the projects do not require all funds programmed for that project or have excess funding, or should a planned project become undeliverable, infeasible or unfundable due to circumstances unforeseen at the time the expenditure plan was created, funding for that project will be reallocated to another project or program. The subregion where the project or program is located may request that the Authority reassign funds to another project in the same subregion. In the allocation of the released funds, the Authority in consultation with the subregion RTPC will in priority order consider: 1) a project or program of the same travel mode (i.e. transit, bicycle/pedestrian, or road) in the same subregion, 2) a project or program for other modes of travel in the same subregion, 3) other expenditure plan projects or programs, and 4) other projects or programs of regional significance. The new project or program or funding level may be required to be amended into the expenditure plan.
27. **Leveraging Funds:** Leveraging or matching of outside funding sources is strongly encouraged. Any additional transportation sales tax revenues made available through their replacement by matching funds will be spent based on the principles outlined for fund allocations described above.

Appendix

Table of Expenditure Plan Funding Allocations

Funding Category	\$ millions	%	Distribution of Funding By Subregion			
			Central (a)	Southwest (b)	West (c)	East (d)
BART Capacity, Access and Parking Improvements	300.00	10.44%	88.10	57.38	69.77	84.75
Bus Transit Enhancements in West Contra Costa	110.55	3.84%			110.55	
Bus Transit and Other Non-Rail Transit Enhancements in Central, East and Southwest Contra Costa	184.40	6.42%	61.45	61.45		61.50
East Contra Costa Transit Extension	70.00	2.44%				70.00
High Capacity Transit Improvements along the I-80 Corridor	55.00	1.91%			55.00	
Intercity Rail and Ferry Service Improvements	50.00	1.74%	8.00		35.00	7.00
Traffic Flow Improvements & High Capacity Transit Implementation Along I-680 & SR 24	250.00	8.70%	125.00	125.00		
East County Corridor (Vasco Rd and/or Byron Highway Corridors)	117.00	4.07%				117.00
Traffic Flow Improvements along SR 242 & SR 4	108.00	3.76%	44.00			64.00
I-80 Interchange Improvements at San Pablo Dam Road and Central Avenue	60.00	2.09%			60.00	
Interstate 680 and State Route 4 Interchange Improvements	60.00	2.09%	60.00			
Local Street Maintenance and Improvements	663.50	23.09%	191.96	147.53	145.63	178.38
Add'l Local Street Maintenance and Improvements	20.00	0.70%	20.00			
Transportation for Seniors and People with Disabilities	115.01	4.00%	30.80	19.30	28.15	36.76
Safe Transportation for Children	63.96	2.23%	8.72	20.03	26.12	9.09
Major Streets, Complete Streets and Traffic Synchronization Project Grants	290.00	10.09%	108.40	46.40	56.60	78.60
Pedestrian, Bicycle and Trail Facilities	115.00	4.00%	28.30	30.35	26.41	29.94
Community Development Transportation Program	100.00	3.48%	25.26	16.45	20.00	38.29
Innovative Transportation Technology / Connected Communities Grant Program	65.00	2.26%	22.10	11.00	16.70	15.20
Transportation Planning, Facilities & Services	43.05	1.50%	12.64	8.23	10.02	12.16
Regional Transportation Priorities	18.70	0.65%	5.00	3.70	5.00	5.00
Administration	14.35	0.50%	4.20	2.75	3.35	4.05
TOTAL	2873.52	100.0%	843.93	549.57	668.30	811.72
Population Based Share			843.88	549.58	668.33	811.73
Population Share (2030 Estimate) of Total			29.37%	19.12%	23.26%	28.25%

Numbers in this chart are rounded for viewing simplicity.

Contra Costa Transportation Authority **STAFF REPORT**

Meeting Date: July 20, 2016

Subject	Approve Ordinance 16-02 Adopting the 2016 Transportation Expenditure Plan (TEP)
Summary of Issues	<p>Over the past several months, the Contra Costa Transportation Authority (Authority) has undertaken actions necessary to consider placing a measure on the November 2016 general election ballot which would establish a new one half of one percent transactions and use tax (aka sales tax) for transportation purposes to meet the growing needs of Contra Costa County. Placing a new transportation sales tax on the ballot requires preparation and adoption of a TEP documenting the use of the revenues expected to be derived from the sales tax. The Authority approved the final language for the TEP on May 18, 2016 and released the TEP for approval by city/town councils and the County Board of Supervisors (BOS). The TEP was approved unanimously by all city/town councils and the BOS without a single "no" vote.</p> <p>Staff has worked with the Authority's legal council to develop the attached Ordinance 16-02 as consideration of adopting the TEP.</p>
Recommendations	Staff recommends the Authority adopt Ordinance 16-02 approving the TEP, pursuant to a finding that the approval of the Resolution is not a project or, alternatively, is exempt from environmental review under the California Environmental Quality Act.
Financial Implications	The proposed TEP would, if approved by the voters, generate \$2.9 billion in sales tax revenues over 30 years to improve the transportation system in Contra Costa. The TEP is estimated to leverage twice this amount of funding from state, federal and regional sources.
Options	The Authority can elect to not adopt the TEP which would effectively end efforts to seek a new transportation sales tax measure on the November 2016 ballot.
Attachments	A. Ordinance 16-02 which includes the proposed TEP as an attachment.

**Changes from
Committee**

N/A

Since 1989, the Authority has administered sales tax revenues collected through voter-approved transportation sales tax measures, specifically Measures C and J. Measure C, passed in 1988, created a half-cent sales tax for 20 years, expiring in 2009. In 2004, Contra Costa County voters approved Measure J, with a 71.1 percent vote, to continue the half-cent transportation sales tax for an additional 25 years beyond the Measure C 2009 expiration date. Together, the two measures will generate more than \$3.8 billion in local sales tax funds. When combined with federal, state and regional funds, it will result in over \$6.5 billion invested in transportation (year of expenditure dollars). These previous measures also established the Growth Management Program, the Principles for Agreement of an Urban Limit Line, and other policies.

The Authority, as the County's Congestion Management Agency, updates the Countywide Transportation Plan (CTP) on a periodic basis. The CTP identified goals for bringing together all modes of travel, networks and operators to meet the diverse transportation needs of Contra Costa County, and highlights priority programs and projects to meet these needs. The cost for the projects identified in the most recent draft CTP totals \$12.4 billion with available funding from approved local, federal, state and regional sources projected to be \$3.4 billion, resulting in a \$9 billion shortfall for projects. State and federal transportation programs no longer contain reliable funding that addresses multi-modal needs.

To continue to implement a robust program to improve the transportation network in Contra Costa, and to enhance or add new services, additional new revenue is required. Placing a new transportation sales tax measure on the ballot requires preparation and adoption of a TEP to document the planned use of the revenues expected to be derived from the sales tax. In May 2015, the Authority began discussions on the development and approval of a new TEP and an associated countywide transportation sales tax measure as a potential method to begin to address the funding gap.

The Authority conducted an unprecedented outreach program with the public and worked extensively with the Regional Transportation Planning Committees (RTPCs), an Expenditure Plan Advisory Committee (EPAC) and other stakeholders to develop the proposed TEP. The Authority approved the final language for the TEP on May 18, 2016 and released it for approval

by city/town councils and the County Board of Supervisors (BOS). Between May 31, 2016 and July 12, 2016, the TEP was approved unanimously by all city/town councils and the BOS without a single "no" vote.

Staff has worked with the Authority's legal council to develop the attached Ordinance 16-02 as consideration of adopting the TEP. The attached TEP would be included in the Contra Costa County Voter Information Guide if adopted and placed on the ballot. The ordinance generally follows the specific terms and provisions of the ordinances used for Measure C and Measure J with minor modifications for sections including Caltrans and various federal agencies to update the terms to current roles and responsibilities. The ordinance also makes a finding with respect to compliance of the TEP with the California Environmental Quality Act (CEQA). The ordinance contains language specifically stating that the Authority is approving the text of the TEP attached to Ordinance 16-02 with the understanding that the TEP included in the Contra Costa County Voter Information Guide and Sample Ballot may be in a slightly different format to comply with requirements of the Registrar of Voters office, however, there will be no change in any of the TEP language approved by the Authority on May 18, 2016.

CALIFORNIA ENVIRONMENTAL QUALITY ACT
Notice of Exemption

To: [] Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

From: Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553

[X] County Clerk
Contra Costa County

Project Title: Adoption of Ordinance No. 2016-17 calling a special election for voter approval of a local sales tax for transportation purposes.

Project Applicant: Contra Costa County

Project Location – Specific: Countywide

Project Location – City: Countywide Project Location – County: Contra Costa

Description of Nature, Purpose, and Beneficiaries of Project: The project consists of calling a special election for voter approval of a Contra Costa Transportation Authority (Authority) initiated transportation sales tax in support of the Authority’s adopted Transportation Expenditure Plan (TEP).

Name of Public Agency Approving Project: Contra Costa County

Name of Person or Agency Carrying Out Project: Contra Costa County Department of Conservation and Development

Exempt Status:

- [X] Ministerial Project [Sec. 21080(b)(1); 15268]
- [] Declared Emergency [Sec. 21080(b)(3); 15269(a)]
- [] Emergency Project [Sec. 21080(b)(4); 15269(b)(c)]
- [] Categorical Exemption [Section]
- [] Other Statutory Exemption [Section]
- [] General Rule of Applicability [Section 15061(b)(3)]

Reasons why project is exempt: It can be seen with certainty that there is no possibility the project, consisting of Ordinance 2016-17, will have a significant effect on the environment, and it is therefore exempt from CEQA pursuant to CEQA Guidelines Section 21080(b)(1); 15268, for the following reasons: 1) The Board’s decision to adopt Ordinance 2016-17 involved only the use of fixed standards and objective measurements, 2) the Authority’s request met the requirements of state law, 3) The Authority found the project exempt from environmental review pursuant to CEQA Guidelines Section 15378(b)(4), 4) the Board and all nineteen cities and towns have approved the project, 5) the Board’s decision is ministerial pursuant to CEQA Guidelines Section 15268(a) and Public Resources Code Section 21080(b)(1).

Lead Agency Contact Person: John Cunningham Area Code-Telephone-Extension: 925-674-7833

If filed by applicant:

- 1. Attach certified document of exemption finding.
- 2. Has a Notice of Exemption been filed by the public agency approving the project? [] Yes [] No

Signature: Date: Title:

[X] Signed by Lead Agency [] Signed by Applicant

AFFIDAVIT OF FILING AND POSTING

I declare that on , I received and posted this notice as required by California Public Resources Code Section 21152(c). Said notice will remain posted for 30 days from the filing date.

Signature Title

Applicant: Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553

Department of Fish and Wildlife Fees Due

- [] EIR - \$3,070.00
- [] Neg. Dec. - \$2,210.25
- [] De minimis Findings - \$0
- [X] County Clerk - \$50
- [] Conservation & Development - \$25

Total Due \$
Total Paid \$
Receipt #



CONTRA COSTA
transportation
authority

ORDINANCE 16-03

**AN ORDINANCE OF THE CONTRA COSTA TRANSPORTATION AUTHORITY
IMPOSING A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION**

WHEREAS, Chapter 5 of Division 19 of the Public Utilities Code and Part 1.6 of Division 2 of the Revenue and Taxation Code authorize the Contra Costa Transportation Authority to impose a retail transactions and use tax in the incorporated and unincorporated territory of a county if the tax ordinance is adopted by a two-thirds vote of the Authority and imposition of the tax is approved by two-thirds of electors voting on the measure and a transportation expenditure plan is adopted; and

WHEREAS, Section 7291 of Revenue and Taxation Code, as amended by Assembly Bill 1665 (Reg. Sess. 2015-2016), authorizes the Contra Costa Transportation Authority to impose a transactions and use tax for the support of countywide transportation programs at a rate of no more than 0.5 percent that would, in combination with all taxes imposed pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code, exceed the limit established in Section 7251.1;

WHEREAS, the Authority, the Contra Costa County Board of Supervisors, and all of the city/town councils representing both a majority of the cities/towns in the county and a majority of the population residing in the incorporated areas of the county adopted a transportation expenditure plan in accordance with Public Utilities Code section 180206.

**NOW THEREFORE, THE CONTRA COSTA TRANSPORTATION AUTHORITY DOES ORDAIN AS
FOLLOWS:**

Section 1. TITLE. This ordinance shall be known as the 2016 Transactions and Use Tax Ordinance. The Contra Costa Transportation Authority hereinafter shall be called "Authority." This ordinance shall be applicable in the incorporated and unincorporated territory of the County of Contra Costa, which shall be referred to herein as "District."

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

APPROVED BY THE
CONTRA COSTA
TRANSPORTATION AUTHORITY

DATE July 20, 2016
CERTIFIED BY
Jeanne Acker
Board Clerk

Section 3. PURPOSE. This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Chapter 5 of Division 19 of the Public Utilities Code which authorizes the Authority to adopt this tax ordinance which shall be operative if a two-thirds majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

E. Nothing in this ordinance is intended to modify, repeal, or alter ordinances previously adopted by the Authority. The provisions of this ordinance shall apply solely to the transactions and use tax adopted herein.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the Authority shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the Authority shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the District at the rate of an additional one-half of one percent until March 31, 2047, which tax shall be imposed, in part, concurrently with the existing one-half percent tax until the existing tax expires, of the gross receipts of any retailer from the sale of all

tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

Section 6. PLACE OF SALE. For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the District of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of an additional one-half of one percent until March 31, 2047, which tax shall be imposed, in part, concurrently with the existing one-half percent tax until the existing tax expires, of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this Authority shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, Victim Compensation and Government Claims Board, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this Authority or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "District" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the District which is shipped to a point outside the District, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the District shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-District address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-District and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this District of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any

period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the District shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the District or participates within the District in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the district or through any representative, agent, canvasser, solicitor, subsidiary, or person in the District under the authority of the retailer.

7. "A retailer engaged in business in the District" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the District.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. BONDING AUTHORITY. This section incorporates by reference the provisions of Public Utilities Code sections 180200 ("Pay-as-you-go" financing) and 180250 through 180264. This ordinance authorizes the Authority to issue limited tax bonds to finance capital outlay expenditures as may be provided for in the adopted Plan, payable from the proceeds of the tax. In accordance with Public Utilities Code section 180250(b), the maximum bonded indebtedness which may be outstanding at any one time shall be an amount equal to the sum of the principal of, and interest on, the bonds, but not to exceed the estimated proceeds of the tax, as determined by the plan. The amount of bonds outstanding at any one time does not include the amount of bonds, refunding bonds, or bond anticipation notes for which funds necessary for the payment thereof have been set aside for that purpose in a trust or escrow account.

Section 13. ANNUAL APPROPRIATIONS LIMIT. Article XIII(B) of the California Constitution requires the establishment of an annual appropriations limit for certain governmental entities. The Authority for fiscal year 2016-2017 has been established as \$126,192,353. The appropriations limit shall be subject to adjustment as provided by law. All expenditures of the tax revenues imposed in this Ordinance are subject to the appropriations limit of the Authority.

Section 14. USE OF PROCEEDS. The proceeds of the transaction and use tax imposed by this ordinance shall be used solely for the projects and purposes set forth in the 2016 Transportation Expenditure Plan, as it may be amended from time to time, and for the administration thereof.

Section 15. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Section 16. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the Authority, or against any officer of the State or the Authority, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 17. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA"). The Authority finds that the approval of this Ordinance is not a "project" and, alternatively, is exempt from the California Environmental Quality Act ("CEQA"). The ordinance is intended to provide a funding mechanism for future projects and programs related to the Authority's provision of transportation services. The ordinance does not commit the Authority to any particular project, program, or capital improvement. Accordingly, the Authority hereby finds that, under State CEQA Guidelines section 15378(b)(4), adoption of this ordinance is not a project subject to the requirements of CEQA because the ordinance is merely "[t]he creation of [a] government funding mechanism[] or other fiscal activity which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." (Cal. Code Regs., tit. 14, § 15378, subd. (b)(4); see also *Sustainable Transportation Advocates of Santa Barbara v. Santa Barbara County Association of Governments* 179 Cal.App.4th 113, 123.) Further, because the ordinance does not authorize the construction of any projects that may result in any direct or indirect physical change in the environment and is subject to further discretionary approvals, including the pre-conditions found in Public Utilities Code section 180206(b), approving the ordinance is not an approval that "commits the agency to a definite course of action." (State CEQA Guidelines section

15352.) The timing, design, and approval of individual projects to be funded by the ordinance are dependent on funding availability, need, and CEQA review. Thus, the ordinance has no potential for causing a significant effect on the environment and is exempt from further review under CEQA. (State CEQA Guidelines section 15061(b)(3).)

Section 18. REQUEST FOR ELECTION. The Authority hereby requests the Contra Costa County Board of Supervisors to place this ordinance before the voters for approval on the November 8, 2016 ballot. The proposition to be placed on the ballot shall read substantially as follows:

To implement a Transportation Expenditure Plan to continue:

- Repairing potholes/fixing roads;
- Improving BART capacity/reliability;
- Improving Highways 680, 80, 24, and 4;
- Enhancing bus/transit including for seniors and people with disabilities;
- Increasing bicycle/pedestrian safety;
- Improving air quality;
- Reducing traffic;

shall voters adopt the ordinance augmenting the sales tax by ½%, raising ninety-seven million dollars for transportation improvements annually for 30 years with independent oversight, audits, and all money benefitting local residents?

Section 19. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 20. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the District transactions and use taxes and shall take effect immediately or as soon thereafter as the tax may be lawfully imposed.

Section 21. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire on March 31, 2047.

PASSED AND ADOPTED by the Contra Costa Transportation Authority Board of Directors in Walnut Creek, State of California, on July 20, 2016, by the following vote:


AYES: Chair Hudson, Vice Chair Butt, and Commissioners Abelson, Arnerich, Durant, Glover, Mitchoff, Pierce, Romick, Tatzin, and Taylor
NOES: None
ABSENT: None
ABSTAIN: None

A handwritten signature in black ink, appearing to read "David E. Hudson", written over a horizontal line.

David E. Hudson, Chair

This Ordinance 16-03 was entered into at a special meeting of the Contra Costa Transportation Authority held on July 20, 2016, in Walnut Creek, California, and shall become effective as provided above.

Attest:

A handwritten signature in black ink, appearing to read "Tarien Grover", written over a horizontal line.

Tarien Grover, Board Clerk



**Contra
Costa
County**

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Resolution of Necessity Hearing for the Balfour Road Shoulder Widening Project Brentwood Area.

RECOMMENDATION(S):

OPEN the public hearing and ask if any notified property owners wish to be heard as to the six items specified in Section B below, CLOSE Public Hearing.

Upon completion and closing of the hearing, MAKE the findings and determinations listed under Section B below and ADOPT the attached Resolution of Necessity (No. 2016/467) to acquire the required property by eminent domain. Project No.: 0662-6R4002 [DCD-CP# 15-06]

FISCAL IMPACT:

100% Discovery Bay West Traffic Mitigation Funds.

BACKGROUND:

A. Proposed Project

Contra Costa County is undertaking its Balfour Road Shoulder Widening Project ("Project"), to improve Balfour Road, a county road, between Sellers Avenue in the City of Brentwood and Bixler Road in the Town of Discovery Bay, in eastern Contra Costa County. This segment of Balfour Road is a narrow, approximately 3-mile long, two-lane road that has substantial traffic. This segment of roadway is used as a thoroughfare between Brentwood and Discovery Bay, and it is used as a commuter route to State Route 4.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☒ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Olivia D. Reynolds (925) 313-2306,
Carmen Pina (925) 313-2012

By: , Deputy

cc:

The Project will improve this segment of Balfour Road by providing standard travel lanes and shoulder widths that meet current County design standards. This segment of roadway will be widened from the current 18-to-20-foot width, to a 36-foot width. This widening will provide a 12-foot-wide travel lane, a six-foot-wide shoulder, and a two-foot-wide shoulder backing in each direction of travel on this segment of Balfour Road. The widened shoulders will provide a driver recovery area and a bike lane in each direction of travel on this segment of roadway. In addition, left-turn pockets will be added on the east and west segments of Balfour Road at the intersection of Balfour Road and Byron Highway. A left-turn pocket will be added on the western segment of Balfour Road at the intersection of Balfour Road and Bixler Road.

On December 15, 2015, this Board APPROVED the Project and ADOPTED the California Environmental Quality Act Mitigated Negative Declaration and the Mitigated Monitoring and Reporting Plan pertaining to the Project. A CEQA Notice of Determination was filed with the County Clerk on December 17, 2015.

To complete the Project, the County must acquire various property interests from eleven (11) parcels within the Project area. The County must acquire fee title to ten (10) parcels (all partial acquisitions) and three (3) temporary construction easements.

This resolution establishes the necessity of acquiring some of the property interests required for the Project. Specifically, this resolution establishes the necessity of acquiring seven (7) fee parcels and two (2) temporary construction easements in seven (7) properties, as more particularly described in Appendix "A" to the Resolution of Necessity. These property interests are required for the Project, including pre-construction utility work scheduled to begin in January 2017.

The County, through the Real Estate Division of the Public Works Department, has made an offer of just compensation to the owner or owners of the property for the property interests being acquired. Each offer was based on an appraisal of the fair market value of said property interest or interests being acquired. Negotiations to acquire the property interests identified in Appendix "A" have not been successful.

With respect to the property identified as Assessor's Parcel Number 011-010-009 and the property identified as Assessor's Parcel Number 015-050-006, both of which are subject to land conservation contracts and are described in Appendix "A" to the Resolution of Necessity, pursuant to Government Code Section 51291, the County, through the Environmental Services Division of the Public Works Department, provided Notice of Public Acquisition of Williamson Act Lands to the California Department of Conservation, Division of Land Resource Protection.

Construction of the overall project is scheduled to begin in the spring of 2017. In order to proceed with the Project, it is necessary for the County to exercise its power of eminent domain to acquire the property interests described herein.

Pursuant to Section 1245.235 of the Code of Civil Procedure, notice was given to all persons listed on the attached Exhibit "A" whose names and addresses appear on the last equalized County Assessment Roll. This notice consisted of sending by first-class and certified mail on July 14, 2016 a Notice of Intention which notified these owners that a hearing is scheduled for August 2, 2016 at 9:30 a.m. in the Board's Chambers, at which time they may appear to be heard on the matters referred to in the notice.

B.

BACKGROUND: (CONT'D)

Scope of Hearing Per C.C.P. Section 1245.235

1. The public interest and necessity require the proposed Project.

This segment of Balfour Road between Sellers Avenue and Bixler Road is a narrow, approximately 3-mile long, two-lane road that receives substantial traffic and is used as a thoroughfare between Brentwood and Discovery Bay as well as a commuter route to State Route 4. The project includes installing left turn pockets on the east and west legs of Balfour Road at Byron Highway and a left turn pocket on the west leg of Balfour Road at Bixler Road. A drainage system consisting of an open roadside ditch and underground pipe along the south side of Balfour Road will be installed to collect and convey roadside runoff. The Project is intended to improve this segment of roadway to meet current design standards. The project will improve traffic movement and the safety of persons who travel on this segment of roadway.

2. The Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

The Project location and design are more particularly described in the CEQA Mitigated Negative Declaration that was adopted for this Project. The Project design plan will bring the shoulders up to current design standards and provide a driver recovery area and a bike lane. The project does not increase the number of travel lanes and will therefore not increase the capacity of the roadway. The majority of the roadway widening will occur along the south side of this segment of Balfour Road. The Project alignment was selected to avoid substantial impacts to East Contra Costa Irrigation District irrigation pipelines and related facilities located on the north side of this segment of Balfour Road.

3. The properties sought to be acquired are necessary for the Project.

The property interests sought for this Project are necessary for the widening of Balfour Road between Sellers Avenue and Bixler Road, as planned. All efforts have been made to reduce physical and operational impacts to adjacent properties both during and after construction. The Project cannot be constructed as planned without the acquisition of these property interests.

4. The offer of compensation required by Section 7267.2 of the Government Code has been made to the owner or owners of record.

The County, through the Real Estate Division of the Public Works Department, has made an offer of just compensation to each owner of record for the rights required for this Project, in accordance with Government Code section 7267.2. Each offer was based on an appraisal of the fair market value of the property rights being acquired. In each case, efforts were made to acquire each required property or property right through negotiated purchase and sale instead of condemnation. Attempts to negotiate a settlement involved calls made to the property owners which were not successful, requiring the County to proceed with the adoption of this Resolution of Necessity.

C. Williamson Act Findings.

A portion of the property identified as Assessor's Parcel Number 011-010-009, located in Parcels 1, 2 and 3, and a portion of the property identified as Assessor's Parcel Number 015-050-006, located in Parcel 9, are located in agricultural preserves established pursuant to the Williamson Act (Act). The County seeks to obtain fee title to Parcels 1 and 2, and temporary construction easements to use Parcels 3 and 9. With respect to the Parcels of which the County seeks to obtain fee title, the Act requires the Board to make two findings.

1. Cost was not a factor in the County's consideration of acquiring a portion of the property identified as Assessor's Parcel Number 011-010-009. (Gov. Code § 51292(a).) The location of the property considered for acquisition is based solely on the goal of improving the road shoulders and providing a driver recovery area, so

this segment of Balfour Road is consistent with current design standards.

2. There is no other land within or outside the subject agricultural preserve upon which it is reasonably feasible to locate the public improvement. (Gov. Code § 51292(b).) This segment of Balfour Road is narrow due to the absence of shoulders and is based on outdated design standards. This segment of Balfour Road requires upgrades to the shoulders to current design standards and to provide a safe driver recovery area. Given the existing location of Balfour Road, there is no other location for the Project, either within or outside of the subject agricultural preserve upon which it is reasonably feasible to locate this portion of the Project.

Pursuant to Government Code Section 51291, the County provided notice to the California Department of Conservation, Division of Land Resource Protection regarding its intent to acquire a portion of the properties identified as Assessor's Parcel Number 011-010-009 and Assessor's Parcel Number 015-050-006, which are located in agricultural preserves under the Williamson Act.

CONSEQUENCE OF NEGATIVE ACTION:

The County will be unable to acquire the property interests necessary for the Project.

ATTACHMENTS

Resolution No. 2016/467

Appendix A

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/505

The Board of Supervisors of Contra Costa County, California, by vote of four-fifths or more of its members, **RESOLVES** that: Pursuant to Government Code Section 25350.5 and Streets & Highways Code Section 943, Contra Costa County (County) intends to construct the Balfour Road Shoulder Widening Project (Project), in the Brentwood area of east Contra Costa County. The Project is a public improvement to Balfour Road, a county road, between Sellers Avenue in the City of Brentwood and Bixler Road in the Town of Discovery Bay, in eastern Contra Costa County. The Project will include widening this approximately three-mile-long segment of Balfour Road from its existing 18- to 20-foot pavement width, to a new pavement width of 36 feet. The Project will add a 12-foot-wide travel lane, a 6-foot wide paved shoulder/bike lane, and a 2-foot wide shoulder backing in each direction of travel on this segment of roadway. Left turn pockets will be added on the east and west segments of Balfour Road at its intersection with Byron Highway, and a left turn pocket will be added on the western segment of Balfour Road at its intersection with Bixler Road. A drainage system consisting of an open roadside ditch and underground pipe along the south side of the road will be installed to collect and convey roadside runoff. In connection with the Project, the County must acquire interests in certain real property. The property interests to be acquired consist of seven (7) separate parcels that are generally located in the Brentwood area. The property interests are more particularly described in Appendix "A", attached hereto and incorporated herein by this reference.

On July 14, 2016, notice of the County's intention to adopt a resolution of necessity for acquisition by eminent domain of the real property described in Appendix "A" was sent to persons whose names appear on the last equalized County Assessment Roll as owners of said property. The notice specified August 2, 2016, at 9:30 a.m., in the Board of Supervisors Chambers in the Administration Building, 651 Pine Street, Martinez, California, as the date, time, and place for the hearing thereon. The hearing was held on that date and at that time and place, and all interested parties were given an opportunity to be heard. Based upon the evidence presented to it, this Board finds, determines, and hereby declares the following:

1. The public interest and necessity require the proposed Project; and
2. The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury; and
3. The property described herein is necessary for the proposed Project; and
4. The offer required by Section 7267.2 of the Government Code was made to the owner or owners of record.
5. Insofar as any of the property described in this resolution has heretofore been dedicated to a public use, the acquisition and use of such property by Contra Costa County for the purposes identified herein is for a more necessary public use than the use to which the property has already been appropriated, or is for a compatible public use. This determination and finding is made and this resolution is adopted pursuant to Code of Civil Procedure Sections 1240.510 and 1240.610.
6. The location of the Project, and the location of Assessor's Parcel Number 011-010-009 within the Project, is not based on a consideration of the lower cost of acquiring land in an agricultural preserve. This finding is made pursuant to Government Code Section 51292(a).
7. With respect to the property identified as Assessor's Parcel Number 011-010-009, there is no other land either within or outside the subject agricultural preserve upon which it is reasonably feasible to locate that portion of the Project which will lie within the preserve. This finding is made pursuant to Government Code Section 51292(b).
8. With respect to the properties identified as Assessor's Parcel Number 011-010-009 and Assessor's Parcel Number 015-050-006, which are subject to land conservation contracts and are located within agricultural preserves, the County provided notice to the California Department of Conservation, Division of Land Resource Protection pursuant to Government Code Section 51291 regarding the County's intent to acquire a portion of Assessor's Parcel Number 011-010-009 (Parcels 1 and 2 in fee title, and Parcel 3 as a temporary construction easement) and a portion of Assessor's Parcel Number 015-050-006 (Parcel 9 as a temporary construction easement) for the proposed Project.
9. On, December 15, 2015, this Board APPROVED the Project and ADOPTED the California Environmental Quality Act Mitigated

Negative Declaration and Mitigation and Monitoring Reporting Program pertaining to this Project. The CEQA Notice of Determination was filed with the County Clerk on December 17, 2015.

NOW, THEREFORE, BE IT RESOLVED: The County Counsel of this County is hereby **AUTHORIZED** and **EMPOWERED**: To acquire in the County's name, by condemnation, the titles, easements and rights of way hereinafter described in and to said real property or interests therein, in accordance with the provisions for eminent domain in the Code of Civil Procedure and the Constitution of the State of California: Parcels 1, 2, 4, 5, 6, 7 and 8 are to be acquired in fee title; Parcels 3 and 9 are to be acquired as a temporary construction easements for a period of twelve (12) months between May 1, 2017 and April 30, 2018. To prepare and prosecute in the County's name such proceedings in the proper court as are necessary for such acquisition; and To deposit the probable amount of compensation based on an appraisal, and to apply to said court for an order permitting the County to take immediate possession and use said real property for said public uses and purposes.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Olivia D. Reynolds (925) 313-2306, Carmen Pina (925) 313-2012

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

APPENDIX "A"

Land descriptions of three parcels of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Northwest one-quarter of Section 20, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of Parcel C as shown on the map of Subdivision MS No. 207-71 filed December 28, 1971 in Book 20 of Parcel Maps at page 16, Contra Costa County records, described as follows:

Parcel 1 - Fee Title (Lindsey Nunn Houd - parcel 7)

Beginning at the northwest corner of said Parcel C (20 PM 16), also being a point on the south right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said south right of way line south 89°14'32" east, 84.28 feet to a point on the westerly line of the property described in the deed to Knightsen Irrigation District (Currently ECCID) recorded August 2, 1922 in Book 417 of Deeds at page 347; thence along said westerly line south 0°43'20" west, 5.00 feet; thence leaving said westerly line north 89°14'32" west, 84.29 feet to a point on the westerly line of said Parcel C (20 PM 16); thence along said westerly line north 0°52'43" east, 5.00 feet to the Point of Beginning.

Containing an area of 421 square feet of land, more or less.

Parcel 2 - Fee Title (Lindsey Nunn Houd - parcel 8)

Commencing at the northwest corner of said Parcel C (20 PM 16), also being a point on the south right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said south right of way line south 89°14'32" east, 144.28 feet to a point on the easterly line of the property described in the deed to Knightsen Irrigation District (Currently ECCID) recorded August 2, 1922 in Book 417 of Deeds at page 347, said point also being the Point of Beginning; thence from said Point of Beginning, continuing along said south right of way line south 89°14'32" east, 1079.01 feet to the easterly line of said Parcel C (20 PM 16); thence leaving said south right of way line, along said easterly line of Parcel C (20 PM 16) south 0°52'43" west, 30.00 feet; thence leaving said easterly line north 88°49'42" west, 415.44 feet; thence north 89°14'32" west, 120.00 feet; thence north 0°45'28" east, 5.00 feet; thence north 89°14'32" west, 543.50 feet to

the easterly line of said Knightsen Irrigation District property (417 Deeds 347); thence along said easterly line north 0°43'20" east, 22.00 feet to Point of Beginning.

Containing an area of 27,037 square feet of land, more or less.

Parcel 3 - Temporary Construction Easement (Lindsey Nunn Houd - parcel 25)

A temporary easement for a 12 month period between May 1, 2017 and April 30, 2018 for construction purposes and incidents thereto, upon, in, over and across a parcel of land described as follows:

Commencing at the northeast corner of said Parcel C (20 PM 16); thence along the easterly line of said Parcel C, south 0°52'43" west, 30.00 feet; thence leaving said easterly line, north 88°49'42" west, 265.44 feet to the Point of Beginning; thence from said Point of Beginning, south 1°10'18" west, 10.00 feet; thence north 88°49'42" west, 180.00 feet; thence north 1°10'18" east, 9.78 feet; thence south 89°14'32" east, 30.00 feet; thence south 88°49'42" east, 150.00 feet to the Point of Beginning.

Containing an area of 1,796 square feet of land, more or less.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Northwest one-quarter of Section 20, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of the property described in the deed to Rush, recorded October 29, 2013, Document Number 2013-258806, Contra Costa County records, described as follows:

Parcel 4 - Fee Title (Casey Rush - parcel 9)

Beginning at the northeasterly corner of Parcel B as shown on the map of Subdivision MS No. 207-71 filed December 28, 1971 in Book 20 of Parcel Maps at page 16, Contra Costa County records, being a point on the westerly line of said Rush property (2013-258806), thence along said westerly line north 0°52'43" east, 30.00 feet to a point on the south right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said south right of way line south 89°14'32" east, 70.00 feet to the northeast corner of said Rush property (2013-258806), also being a point on the westerly terminus line of the of the 60.00 feet in width strip of land along Balfour Road dedicated to Contra Costa County for road purposes as shown on the map of Subdivision MS No. 108-78 filed February 27, 1980 in Book 84 of Parcel Maps at page 38, Contra Costa County records; thence leaving said south right of way line, along the westerly line of said road dedication (84 PM 38) south 0°52'43" west, 30.00 feet; thence leaving said westerly line north 89°14'32" west, 70.00 feet to the Point of Beginning.

Containing an area of 2,100 square feet of land, more or less.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Northeast one-quarter of Section 20, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of the property described in the deed to Coelho, recorded July 28, 1960 in Book 3670 of Official Records at page 62, Contra Costa County records, described as follows:

Parcel 5 - Fee Title (Mathew G. Coelho & Sons, Inc. - parcel 11)

Beginning at the northwest corner of said Coelho property (3670 OR 62), also being a point on the south right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said south right of way south 89°11'59" east, 1664.32 feet to the northeast corner of said Coelho property (3670 OR 62), also being a point on the westerly line of the property as described in the deed to Knightsen Irrigation District (Currently ECCID) recorded February 18, 1924 in Book 470 of Deeds at page 30; thence along the easterly line of said Coelho property (3670 OR 62) south 0°58'24" west, 27.00 feet; thence leaving said easterly line north 89°11'59" west, 603.40 feet; thence south 89°02'16" west, 260.12 feet; thence north 89°11'59" west, 200.00 feet; thence north 87°33'48" west, 140.06 feet; thence north 88°19'06" west, 260.03 feet; thence north 89°11'59" west, 200.91 feet to the westerly line of said Coelho property (3670 OR 62); thence along said westerly line north 0°56'24" east, 27.00 feet to the Point of Beginning.

Containing an area of 48,937 square feet of land, more or less.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Northwest one-quarter of Section 21, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of the property described in the deed to Pedersen, recorded August 26, 2002, Document Number 2002-298574, Contra Costa County records, described as follows:

Parcel 6 - Fee Title (Michael & Donna Pedersen - parcel 16)

Beginning at the northeast corner of said Pedersen property (2002-298574), also being a point on the southerly line of the property as described in the deed to Knightsen Irrigation District recorded June 29, 1923 in Book 438 of Deeds at page 438; thence along said southerly line north 89°26'27" west, 467.46 feet; thence leaving said southerly line south 0°33'33" west, 5.00 feet; thence south 89°26'27" east, 467.42 feet to the east line of said Pedersen property (2002-298574); thence along said east line north 1°01'04" east, 5.00 feet to the Point of Beginning.

Containing an area of 2,337 square feet of land, more or less.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the North one-half of Section 21, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of the property described in the deed to Nunn, recorded December 31, 2009, Document Number 2009-306058, Contra Costa County records, described as follows:

Parcel 7 - Fee Title (Ron Nunn Family Limited Partnership - parcel 17)

Beginning at the northwest corner of said Nunn property (2009-306058), also being a point on the south right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said south right of way line south 89°26'27" east, 2952.47 feet to the northeast corner of said Nunn property (2009-306058), also being a point on the westerly right of way line of Byron Hwy; thence along said westerly right of way line south 1°09'19" west, 55.00 feet; thence leaving said westerly right of way line north 60°29'52" west, 22.72 feet; thence north 89°26'27" west, 652.43 feet; thence north 85°16'41" west, 179.09 feet; thence north 87°16'48" west, 159.12 feet; thence north 89°26'27" west, 299.56 feet; thence south 0°33'33" west, 5.00 feet; thence north 89°26'27" west, 1460.00 feet; thence south 0°33'33" west, 5.00 feet; thence north 89°26'27" west, 150.00 feet; thence south 0°33'33" west, 5.00 feet; thence north 89°26'27" west, 32.72 feet to the westerly line of said Nunn property (2009-306058); thence along said westerly line north 1°01'04" east, 40.00 feet to the Point of Beginning.

Containing an area of 98,705 square feet of land, more or less.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Northwest one-quarter of Section 22,

Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of Parcel A as shown on the map of Subdivision MS No. 208-72 filed January 23, 1973 in Book 26 of Parcel Maps at page 9, Contra Costa County records, described as follows:

Parcel 8 - Fee Title (Rene & Magdalena De Luna - parcel 19)

Beginning at the northeast corner of said Parcel A (26 PM 9), said corner also being a point on southerly right of way line of Balfour Road, as described in the deed to Contra Costa County, recorded March 9, 1973 in Book 6884 of Official Records at page 300, Contra Costa County records; thence along said southerly right of way line north 89°09'11" west, 431.61 feet to a point on a tangent curve, concave to the southeast; thence southwesterly along said curve, having a radius of 20.00 feet, through a central angle of 45°34'23", an arc length of 15.91 feet to a point of cusp, a radial to said point bears north 44°43'34" west; thence south 89°09'11" east, 445.86 feet to the easterly line of said Parcel A (26 PM 9); thence along said easterly line north 1°09'19" east, 6.00 feet to the Point of Beginning.

Containing an area of 2,649 square feet of land, more or less.

Including the relinquishment of any and all abutter's rights of access along the southerly line of Parcel 19 appurtenant to grantors' remaining property, excepting therefrom a 30 foot wide Private Access adjacent to the easterly line of Parcel A as shown on said Parcel Map.

Land description of a parcel of land in an unincorporated area of the County of Contra Costa, State of California, being a portion of the Southeast one-quarter of Section 17, Township 1 North, Range 3 East, Mount Diablo Meridian, also being a portion of the property described in the deed to Houd, recorded September 18, 2015, Document Number 2015-194591, Contra Costa County records, described as follows:

Parcel 9 - Temporary Construction Easement (Laura A. Houd, TRE & Jeffrey W. Houd, TRE - parcel 27)

A temporary easement for a 12 month period between May 1, 2017 and April 30, 2018 for construction purposes and incidents thereto, upon, in, over and across a parcel of land described as follows:

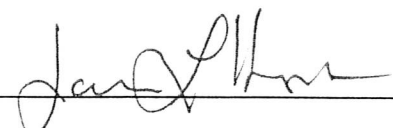
Commencing at the southeast corner of said Houd property (2015-194591), also being a point on the west line of the property described in the deed to Knightsen Irrigation

District recorded July 22, 1922 in Book 417 of Deeds at page 300, Contra Costa County records, and being a point on the north right of way line of the 40 foot wide county road (Balfour Road), as approved August 9, 1887 in Road Book Vol. 1 at page 53, Contra Costa County records; thence along said north right of way line north 89°11'59" west, 583.57 feet to the Point of Beginning; thence from said Point of Beginning, continuing along said north right of way line north 89°11'59" west, 320.00 feet; thence leaving said north right of way line north 0°48'01" east, 5.00 feet; thence south 89°11'59" east, 320.00 feet; thence south 0°48'01" west, 5.00 feet to the Point of Beginning.

Containing an area of 1,600 square feet of land, more or less.

Bearings are based on the California Coordinate System of 1983 (CCS83), Zone III.
Distances given are ground distances.

This real property description has been prepared by me or under my direction, in conformance with the Professional Land Surveyors Act.

Signature: 
Licensed Land Surveyor
Contra Costa County Public Works



Date: July 7, 2016



Contra
Costa
County

To: Board of Supervisors
From: LEGISLATION COMMITTEE
Date: August 9, 2016

Subject: Proposition 55 Tax Extension to Fund Education and Healthcare

RECOMMENDATION(S):

CONSIDER adopting a position on Proposition 55 Tax Extension to Fund Education and Healthcare, which seeks to extend through 2030 the income tax rate increases on high-income Californians enacted in 2012 through Proposition 30, as recommended by the Legislation Committee.

FISCAL IMPACT:

Fiscal Effects

Increased State Tax Revenues. Currently, the Proposition 30 income tax rate increases are scheduled to expire at the end of 2018. This measure would increase state income tax revenues by billions of dollars per year above current expectations for the years 2019 through 2030. (This would result in increased tax revenues for fiscal years 2018-19 through 2030-31.) The precise amount of this revenue in any given year would depend heavily on trends in the stock market and the economy. For example, if the stock market and economy were weak in 2019 (the first year of the proposed tax increase extension), this measure might generate around \$5 billion of increased revenue. Conversely, if the stock market and economy were strong at that time, the measure might raise around \$11 billion. Near the midpoint of this range—around \$7.5 billion—is one reasonable expectation of the additional revenue that this measure would generate in 2019. Thereafter, through 2030, that amount would rise or fall each year depending on trends in the stock market and the economy.

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: L. DeLaney,
925-335-1097

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

FISCAL IMPACT: (CONT'D)

Increased School and Community College Funding. Under current law, the expiration of Proposition 30 is expected to slow the growth of state tax revenues, thereby slowing the growth of the Proposition 98 minimum funding level. Under this measure, the amount of Proposition 98 funds provided to schools and community colleges each year probably would increase by a few billion dollars, compared to what these entities would receive if all of Proposition 30's tax increases expired. The amount of increased school spending over the 2019-2030 period could vary significantly, depending on such factors as the Proposition 98 variables and the state of the economy during the period.

Increased Budget Reserves and Debt Payments. Under current law, the expiration of Proposition 30 will result in less revenue available for budget reserves and debt payments compared to when Proposition 30 was in effect. This measure would increase the amount of money used for budget reserves and debt payments, particularly when the economy and stock market are doing well. Because the measure would increase the amount of money used for budget reserves, it would be more likely that the total amount of reserves would reach the 10 percent maximum established by Proposition 2. If this occurred, the measure could result in more funding being used to build and maintain infrastructure.

Increased Medi-Cal Funding. The amount of increased Medi-Cal spending could vary significantly each year, ranging from \$0 to \$2 billion. The measure delegates to DOF the authority to make this estimate by implementing this measure's provisions.

Remaining Funding Generally Available for Any Purpose. After satisfying requirements that the state tax revenues raised by this measure be allocated for (1) school and community college funding, (2) budget reserves and debt payments, and (3) the Medi-Cal program, the state could use any remaining funds for any budget purpose. The use of that funding would depend on decisions by future legislatures and governors.

Other Fiscal Effects. The likelihood that the state exceeds its Proposition 4 spending limit in the future is difficult to predict. If, however, this were to occur between 2019 and 2030, part of this measure's revenues would go to one-time taxpayer rebates and one-time school and community college spending instead of being available for other state purposes.

Fiscal Summary. This measure would have the following major fiscal effects:

- Increased state revenues annually from 2019 through 2030—likely in the \$5 billion to \$11 billion range initially—with amounts varying based on stock market and economic trends.
- Increased revenues would be allocated under constitutional formulas to schools and community colleges, budget reserves and debt payments, and health programs, with remaining funds available for these or other state purposes.

BACKGROUND:

Proposition 55 would extend only the personal income tax on high-income filers portion of Proposition 30 until 2030. This funding would continue to fund K-12 education and community colleges, and up to \$2 billion could be directed toward emergency and hospital Medi-Cal services, including for county public hospitals.

California's State Budget. California state taxes—primarily income taxes—are spent mainly from the state government's General Fund, the state's main operating account. The General Fund will spend about \$115 billion during the current 2015-16 state fiscal year. The General Fund pays for part of California's K-12 and higher education programs, health and human services programs, state prisons, statewide retirement systems for public employees, debt service on state infrastructure bonds, and other programs.

Proposition 30. Proposition 30 temporarily raised state taxes.

- Sales Taxes. Proposition 30 increased the state sales tax rate by one-quarter cent from 2013 through 2016. In the current fiscal year, this increase is expected to raise \$1.5 billion of revenue.
- Income Taxes. Proposition 30 also increased marginal income tax rates paid by roughly the 1 percent of tax

filers in the state with the highest incomes. Depending on their taxable income levels, these filers pay an extra 1 percent, 2 percent, or 3 percent tax on part of their incomes. These increases are in effect from 2012 through 2018. In the current fiscal year, the Proposition 30 income tax increases are expected to raise between \$6 billion and \$8 billion of revenue.

Proposition 98. The largest category of state General Fund spending is for school districts and community colleges. Proposition 98, approved by voters in 1988 and modified in 1990, establishes a minimum funding level for schools and community colleges. This funding level tends to grow over time based on growth in the state's economy, state tax revenue, and student attendance, among other factors. In the current fiscal year, the state will spend around \$50 billion on Proposition 98 programs (over 40 percent of all General Fund revenues). In addition to this state funding, schools and community colleges will receive around \$19 billion from local property taxes.

Medi-Cal Program. In California, the federal Medicaid program is known as Medi-Cal. The Medi-Cal program uses state and federal funds to provide health care services to most low-income persons. Medi-Cal is the largest state-administered health program in terms of spending and people served. In the current fiscal year, the state will spend around \$18 billion from the General Fund on Medi-Cal.

Proposition 2. In November 2014, California voters approved Proposition 2. Proposition 2 creates a new set of rules to determine the amount of money the state has to deposit to a rainy day fund (the Budget Stabilization Account), particularly when the economy and stock market are doing well. This fund is intended to reduce the need for budget cuts, tax increases, and other measures in the future when the economy or stock market weakens. Proposition 2 requires that money be deposited into the rainy day fund until the total reaches a maximum of 10 percent of General Fund tax revenues—which now equals about \$12 billion. Proposition 2 also requires the state to pay down certain state debts faster. Proposition 2 allows the state to reduce the rainy day fund deposit only if the Governor calls a “budget emergency.” The Legislature would have to agree to reduce the deposit. The Governor could call a budget emergency only if:

- A natural disaster occurs, such as a flood or an earthquake.
- There is not enough money available to keep General Fund spending at the highest level of the past three years (adjusted for changes in the state population and the cost of living).

State Spending Limit. In addition to Propositions 2, 30, and 98, the State Constitution includes other rules affecting the state budget, such as the state spending limit that has been in place since passage of Proposition 4 in 1979.

Department of Finance (DOF). Led by the Director of Finance, DOF is the executive branch entity that supervises the state government's financial policies.

Proposal

Extends Proposition 30 Income Tax Increases Through 2030. Under this measure, the Proposition 30 income tax rate increases on high-income Californians would not expire at the end of 2018, as scheduled under current law. As summarized in Figure 1 of Attachment B, this measure would extend those income tax rate increases through 2030. Spending from the revenues raised by this measure would be subject to the state's spending limit. (Under this measure, Proposition 30's sales tax rate increase would not be extended.)

Provides Some New Monies for Medi-Cal. For fiscal years 2018-19 through 2030-31, the measure requires DOF to determine how much revenue raised by this measure would be available for the Medi-Cal program. Specifically, DOF would (1) estimate the amount of revenues raised by this measure and (2) subtract from that estimate higher required school and community college spending and certain other government costs, such as the cost of more people being served by state government programs. The lesser of (1) 50 percent of the resulting amount or (2) \$2 billion would be allocated to the Medi-Cal program. During a Proposition 2 budget emergency, the measure allows this allocation to be reduced in proportion to the reduction in overall General Fund spending.

Refer to Attachment A for the full text of the initiative and Attachment B for the full report by the Legislative

Analyst's Office.

The CSAC Health and Human Services Policy Committee gave a nod to Proposition 55, unanimously voting to forward a recommendation of support on it to the CSAC Executive Committee. The Committee was primarily focused on its potential to provide revenue for the state Medi-Cal program, fund education, and improve public health.

CONSEQUENCE OF NEGATIVE ACTION:

Contra Costa County would not have a position on the measure.

ATTACHMENTS

Attachment A: Proposition 55 Tax Extension to Fund Education and Healthcare

Attachment B: Legislative Analyst's Office report

REMCHO, JOHANSEN & PURCELL, LLP
ATTORNEYS AT LAW

Attachment A

201 DOLORES AVENUE
SAN LEANDRO, CA 94577
PHONE: (510) 346-6200
FAX: (510) 346-6201
EMAIL: kgetman@rjp.com
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Robin B. Johansen
James C. Harrison
Thomas A. Willis
Karen Getman
Margaret R. Prinzing
Andrew Harris Werbrock
Harry A. Berezin
Juan Carlos Ibarra

Joseph Remcho (1944-2003)
Kathleen J. Purcell (Ret.)

SACRAMENTO PHONE: (916) 264-1818

January 11, 2016

VIA MESSENGER

Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

RECEIVED

JAN 11 2016

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Attention: Ashley Johansson, Initiative Coordinator

Re: *Submission of Amendment to Statewide Initiative Measure –
The California Children's Education and Health Care Protection
Act of 2016, No. 15-0115*

Dear Ms. Johansson:

As you know, I serve as counsel for the proponents of the proposed statewide initiative, "The California Children's Education and Health Care Protection Act of 2016." The proponents of the proposed initiative are Lance H. Olson, Thomas A. Willis, and Dario J. Frommer. On their behalf, I am enclosing the following documents:

- The amended text of "The California Children's Education and Health Care Protection Act of 2016";
- A red-line version showing the changes made in the amended text; and
- Signed authorizations from each of the proponents for the submission of the amended text together with their requests that the Attorney General's Office prepare a circulating title and summary using the amended text.

Please continue to direct all inquiries or correspondence relative to this proposed initiative to me at the address listed below:

Ashley Johansson
Initiative Coordinator
Office of the Attorney General
January 11, 2016
Page 2

Karen Getman
Remcho, Johansen & Purcell, LLP
201 Dolores Avenue
San Leandro, CA 94577
Phone: (510) 346-6200
Fax: (510) 346-6201
E-mail: kgetman@rjp.com

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Getman", with a stylized, flowing script.

Karen Getman

KG:NL
Enclosures
(00264962)

January 11, 2016

VIA MESSENGER

Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

Re: *Submission of Amendment to The California Children's Education and Health Care Protection Act of 2016, No. 15-0115, and Request to Prepare Circulating Title and Summary*

Dear Ms. Johansson:

On December 3, 2015, I submitted a proposed statewide initiative titled "The California Children's Education and Health Care Protection Act of 2016" ("Initiative") and submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution.

Pursuant to Elections Code section 9002(b), I hereby submit timely amendments to the text of the Initiative. As one of the proponents of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Sincerely,


Darío J. Frommer

Enclosures
(00264957)

January 11, 2016

VIA MESSENGER

Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

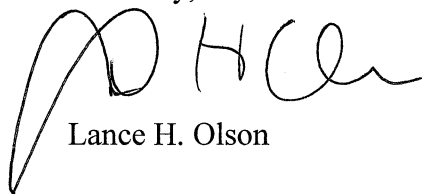
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Sincerely,

A handwritten signature in black ink, appearing to read "LH Olson", written over the printed name.

Lance H. Olson

Enclosures
(00264956)

January 11, 2016

VIA MESSENGER

Office of the Attorney General
1300 "I" Street, 17th Floor
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

Re: *Submission of Amendment to The California Children's Education and Health Care Protection Act of 2016, No. 15-0115, and Request to Prepare Circulating Title and Summary*

Dear Ms. Johansson:

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Pursuant to Elections Code section 9002(b), I hereby submit timely amendments to the text of the Initiative. As one of the proponents of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas A. Willis", with a stylized, flowing script.

Thomas A. Willis

Enclosures
(00264959)

THE CALIFORNIA CHILDREN'S EDUCATION AND HEALTH CARE PROTECTION ACT OF 2016

SECTION 1. Title.

This measure shall be known and may be cited as "The California Children's Education and Health Care Protection Act of 2016."

SECTION 2. Findings.

(a) During the recent recession, California cut more than \$56 billion from education, health care and other critical state and local services. These cuts resulted in thousands of teacher layoffs, increased school class sizes, higher college tuition fees, and reduced essential services. Temporary tax increases passed by California voters in 2012 helped to partially offset some of the lost funding, but those taxes will begin to expire at the end of 2016, leading to more deficits and more school cuts.

(b) Unless we act now to temporarily extend the current income tax rates on the wealthiest Californians, our public schools will soon face another devastating round of cuts due to lost revenue of billions of dollars a year. Public school funding was cut to the bone during the recession. Our schools and colleges are just starting to recover, and we should be trying to protect education funding instead of gutting it all over again. We can let the temporary sales tax increase expire to help working families, but this is not the time to be giving the wealthiest people in California a tax cut that they don't need and that our schools can't afford.

(c) California's future depends on the success of its 9 million children. Every California child deserves a fair chance to become a successful adult. But for children to succeed as adults, they must have access to high quality education and health care.

(d) For children, education and health care are essential and dependent on one another. Access to a quality education is fundamental to the success of California's children. Even with adequate schools, children cannot obtain an education if illness prevents them from attending. And children growing up in communities without adequate health care are more likely to contract illnesses or have chronic medical conditions that prevent them from regularly attending school.

(e) Underfunding of health care programs also harms California financially. Every new state dollar spent on health care for children and their families is automatically matched by federal funds. This means every year California loses out on billions of dollars in federal matching money that could be used to ensure children and their families have access to healthcare.

(f) Research also shows that early access to quality education and health care improves children's chances of succeeding in school and in life. California should do more to ensure that the state's children receive the education and health care they need to thrive and achieve their highest potential.

(g) California public schools, for example, are the most crowded in the nation. Class sizes are an astonishing 80 percent larger than the national average. The number of Californians training to be future teachers has dropped by 50 percent in the last five years as class sizes have soared.

(h) As well, the budgets of California's community colleges were slashed during the Great Recession, diminishing the ability of California children - especially those from low-income families - to receive career training and an affordable and necessary college education.

(i) California chronically underfunds health care. California ranks 48th out of the 50 states in health care spending, making it difficult for children and their families, seniors and the disabled to access health care. Underfunding health care for children leads to increased rates of serious illness, and higher long-term medical expenses. Improved reimbursement for health services helps ensure that children have access to doctors and hospitals. And once a hospital or doctor's office closes due to chronic underfunding, it closes for everyone in that community.

(j) The California Children's Education and Health Care Protection Act of 2016 temporarily extends the higher income tax rates on couples earning more than half a million dollars a year – those who can most afford it – to help all California children stay healthy, stay in good public schools, and have the opportunity for higher education.

(k) This measure does not increase taxes on anyone earning under \$250,000. It does not extend the temporary sales tax increases that voters previously approved in 2012.

(l) The income tax revenue is guaranteed in the California Constitution to go directly to local school districts and community colleges, and to help the State pay for healthcare expenses for low income children and their families. State funding is freed up to help balance the budget and prevent even more devastating cuts to services for seniors, low-income children, working families and small business owners. Everyone benefits.

(m) To ensure all these funds go only where the voters intend, they are put in a special fund that the Legislature cannot divert to other purposes. None of these revenues can be spent on state bureaucracy or administrative costs.

(n) These funds will be subject to an independent audit every year to ensure they are spent only for the purposes set forth in this measure. Elected officials will be subject to prosecution and criminal penalties if they misuse the funds.

(o) California has seen massive budget swings over the past 15 years, with deep deficits and devastating cuts after the Dot-Com bust and the Great Recession. Maintaining the state's rainy day fund will stabilize the budget, avoid the boom and bust cycles of the past, and protect our children, seniors, and disabled Californians from cuts in school and healthcare funding during future economic downturns.

SECTION 3. Purpose and Intent.

(a) The chief purpose and intent of the voters in enacting this measure is to avoid harmful cuts that would reduce the quality of education and instruction in California's local public schools, and to provide adequate funding for essential health care services for children and family members who are legal residents of California.

(b) This measure is intended to protect our children by temporarily extending current income tax rates on wealthy Californians, instead of awarding a huge tax break to couples earning more than half a million dollars a year, or individuals earning more than a quarter million. Instead of sending money back into the pockets of the wealthy, this measure sends the money to a special account that must be spent exclusively to ensure that every California child has access to a quality public education, and the quality health care necessary for them to stay in school and learn.

(c) This measure is intended to keep California on its current track of balanced budgets and reliable funding for schools, community colleges and health care, preventing a return to the days of chronic budget deficits and funding cuts.

(d) This measure guarantees in the Constitution that the revenues it raises for schools will be sent directly to school districts and community colleges for classroom expenses, not administrative costs. This school funding cannot be suspended or withheld no matter what happens with the state budget.

(e) This measure guarantees in the Constitution that the revenues it raises for health care will be spent to supplement existing state funding for healthcare services that qualify for matching federal funds.

(f) All revenues from this measure are subject to local audit every year, and audit by the independent Controller to ensure that they will be used only for the purposes set forth in this measure.

SECTION 4. Section 36 of Article XIII of the California Constitution is amended, to read:

Sec. 36.

(a) For purposes of this section:

(1) "Public Safety Services" includes the following:

(A) Employing and training public safety officials, including law enforcement personnel, attorneys assigned to criminal proceedings, and court security staff.

(B) Managing local jails and providing housing, treatment, and services for, and supervision of, juvenile and adult offenders.

(C) Preventing child abuse, neglect, or exploitation; providing services to children and youth who are abused, neglected, or exploited, or who are at risk of abuse, neglect, or exploitation, and the families of those children; providing adoption services; and providing adult protective services.

(D) Providing mental health services to children and adults to reduce failure in school, harm to self or others, homelessness, and preventable incarceration or institutionalization.

(E) Preventing, treating, and providing recovery services for substance abuse.

(2) "2011 Realignment Legislation" means legislation enacted on or before September 30, 2012, to implement the state budget plan, that is entitled 2011 Realignment and provides for the assignment of Public Safety Services responsibilities to local agencies, including related reporting responsibilities. The legislation shall provide local agencies with maximum flexibility and control over the design, administration, and delivery of Public Safety Services consistent with federal law and funding requirements, as determined by the Legislature. However, 2011 Realignment Legislation shall include no new programs assigned to local agencies after January 1, 2012, except for the early periodic screening, diagnosis, and treatment (EPSDT) program and mental health managed care.

(b)(1) Except as provided in subdivision (d), commencing in the 2011-12 fiscal year and continuing thereafter, the following amounts shall be deposited into the Local Revenue Fund 2011, as established by Section 30025 of the Government Code, as follows:

(A) All revenues, less refunds, derived from the taxes described in Sections 6051.15 and 6201.15 of the Revenue and Taxation Code, as those sections read on July 1, 2011.

(B) All revenues, less refunds, derived from the vehicle license fees described in Section 11005 of the Revenue and Taxation Code, as that section read on July 1, 2011.

(2) On and after July 1, 2011, the revenues deposited pursuant to paragraph (1) shall not be considered General Fund revenues or proceeds of taxes for purposes of Section 8 of Article XVI of the California Constitution.

(c)(1) Funds deposited in the Local Revenue Fund 2011 are continuously appropriated exclusively to fund the provision of Public Safety Services by local agencies. Pending full implementation of the 2011 Realignment Legislation, funds may also be used to reimburse the State for program costs incurred in providing Public Safety Services on behalf of local agencies. The methodology for allocating funds shall be as specified in the 2011 Realignment Legislation.

(2) The county treasurer, city and county treasurer, or other appropriate official shall create a County Local Revenue Fund 2011 within the treasury of each county or city and county. The money in each County Local Revenue Fund 2011 shall be exclusively used to fund the provision of Public Safety Services by local agencies as specified by the 2011 Realignment Legislation.

(3) Notwithstanding Section 6 of Article XIII B, or any other constitutional provision, a mandate of a new program or higher level of service on a local agency imposed by the 2011 Realignment Legislation, or by any regulation adopted or any executive order or administrative directive issued to implement that legislation, shall not constitute a mandate requiring the State to provide a subvention of funds within the meaning of that section. Any requirement that a local agency comply with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code, with respect to performing its Public Safety Services responsibilities, or any other matter, shall not be a reimbursable mandate under Section 6 of Article XIII B.

(4)(A) Legislation enacted after September 30, 2012, that has an overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation shall apply to local agencies only to the extent that the State provides annual funding for the cost increase. Local agencies shall not be obligated to provide programs or levels of service required by legislation, described in this subparagraph, above the level for which funding has been provided.

(B) Regulations, executive orders, or administrative directives, implemented after October 9, 2011, that are not necessary to implement the 2011 Realignment Legislation, and that have an overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, shall apply to local agencies only to the extent that the State provides annual funding for the cost increase. Local agencies shall not be obligated to provide programs or levels of service pursuant to new regulations, executive orders, or administrative directives, described in this subparagraph, above the level for which funding has been provided.

(C) Any new program or higher level of service provided by local agencies, as described in subparagraphs (A) and (B), above the level for which funding has been provided, shall not require a subvention of funds by the State nor otherwise be subject to Section 6 of Article XIII B. This paragraph shall not apply to legislation currently exempt from subvention under paragraph (2) of subdivision (a) of Section 6 of Article XIII B as that paragraph read on January 2, 2011.

(D) The State shall not submit to the federal government any plans or waivers, or amendments to those plans or waivers, that have an overall effect of increasing the cost borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, except to the extent that the plans, waivers, or amendments are required by federal law, or the State provides annual funding for the cost increase.

(E) The State shall not be required to provide a subvention of funds pursuant to this paragraph for a mandate that is imposed by the State at the request of a local agency or to comply with federal law. State funds required by this paragraph shall be from a source other than those described in subdivisions (b) and (d), ad valorem property taxes, or the Social Services Subaccount of the Sales Tax Account of the Local Revenue Fund.

(5)(A) For programs described in subparagraphs (C) to (E), inclusive, of paragraph (1) of subdivision (a) and included in the 2011 Realignment Legislation, if there are subsequent changes in federal statutes or regulations that alter the conditions under which federal matching funds as described in the 2011 Realignment Legislation are obtained, and have the overall effect of increasing the costs incurred by a local agency, the State shall annually provide at least 50 percent of the nonfederal share of those costs as determined by the State.

(B) When the State is a party to any complaint brought in a federal judicial or administrative proceeding that involves one or more of the programs described in subparagraphs (C) to (E), inclusive, of paragraph (1) of subdivision (a) and included in the 2011 Realignment Legislation, and there is a settlement or judicial or administrative order that imposes a cost in the form of a monetary penalty or has the overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, the State shall annually provide at least 50 percent of the nonfederal share of those costs as determined by the State. Payment by the State is not required if the State determines that the settlement or order relates to one or more local agencies failing to perform a ministerial duty, failing to perform a legal obligation in good faith, or acting in a negligent or reckless manner.

(C) The state funds provided in this paragraph shall be from funding sources other than those described in subdivisions (b) and (d), ad valorem property taxes, or the Social Services Subaccount of the Sales Tax Account of the Local Revenue Fund.

(6) If the State or a local agency fails to perform a duty or obligation under this section or under the 2011 Realignment Legislation, an appropriate party may seek judicial relief. These proceedings shall have priority over all other civil matters.

(7) The funds deposited into a County Local Revenue Fund 2011 shall be spent in a manner designed to maintain the State's eligibility for federal matching funds, and to ensure compliance by the State with applicable federal standards governing the State's provision of Public Safety Services.

(8) The funds deposited into a County Local Revenue Fund 2011 shall not be used by local agencies to supplant other funding for Public Safety Services.

(d) If the taxes described in subdivision (b) are reduced or cease to be operative, the State shall annually provide moneys to the Local Revenue Fund 2011 in an amount equal to or greater than the aggregate amount that otherwise would have been provided by the taxes described in subdivision (b). The method for determining that amount shall be described in the 2011 Realignment Legislation, and the State shall be obligated to provide that amount for so long as the local agencies are required to perform the Public Safety Services responsibilities assigned by the 2011 Realignment Legislation. If the State fails to annually appropriate that amount, the Controller shall transfer that amount from the General Fund in pro rata monthly shares to the Local Revenue Fund 2011. Thereafter, the Controller shall disburse these amounts to local agencies in the manner directed by the 2011 Realignment Legislation. The state obligations under this subdivision shall have a lower priority claim to General Fund money than the first

priority for money to be set apart under Section 8 of Article XVI and the second priority to pay voter-approved debts and liabilities described in Section 1 of Article XVI.

(e)(1) To ensure that public education is not harmed in the process of providing critical protection to local Public Safety Services, the Education Protection Account is hereby created in the General Fund to receive and disburse the revenues derived from the incremental increases in taxes imposed by this section, as specified in subdivision (f).

(2)(A) Before June 30, 2013, and before June 30 of each year from 2014 to ~~2018~~2030, inclusive, the Director of Finance shall estimate the total amount of additional revenues, less refunds, that will be derived from the incremental increases in tax rates made in subdivision (f) that will be available for transfer into the Education Protection Account during the next fiscal year. The Director of Finance shall make the same estimate by January 10, 2013, for additional revenues, less refunds, that will be received by the end of the 2012-13 fiscal year.

(B) During the last 10 days of the quarter of each of the first three quarters of each fiscal year from 2013-14 to ~~2018-19~~2030-31, inclusive, the Controller shall transfer into the Education Protection Account one-fourth of the total amount estimated pursuant to subparagraph (A) for that fiscal year, except as this amount may be adjusted pursuant to subparagraph (D).

(C) In each of the fiscal years from 2012-13 to ~~2020-21~~2032-33, inclusive, the Director of Finance shall calculate an adjustment to the Education Protection Account, as specified by subparagraph (D), by adding together the following amounts, as applicable:

(i) In the last quarter of each fiscal year from 2012-13 to ~~2018-19~~2030-31, inclusive, the Director of Finance shall recalculate the estimate made for the fiscal year pursuant to subparagraph (A), and shall subtract from this updated estimate the amounts previously transferred to the Education Protection Account for that fiscal year.

(ii) In June 2015 and in every June from 2016 to ~~2021~~2033, inclusive, the Director of Finance shall make a final determination of the amount of additional revenues, less refunds, derived from the incremental increases in tax rates made in subdivision (f) for the fiscal year ending two years prior. The amount of the updated estimate calculated in clause (i) for the fiscal year ending two years prior shall be subtracted from the amount of this final determination.

(D) If the sum determined pursuant to subparagraph (C) is positive, the Controller shall transfer an amount equal to that sum into the Education Protection Account within 10 days preceding the end of the fiscal year. If that amount is negative, the Controller shall suspend or reduce subsequent quarterly transfers, if any, to the Education Protection Account until the total reduction equals the negative amount herein described. For purposes of any calculation made pursuant to clause (i) of subparagraph (C), the amount of a quarterly transfer shall not be modified to reflect any suspension or reduction made pursuant to this subparagraph.

(E) Before June 30, 2018, and before June 30 of each year from 2019 to 2030, inclusive, the Director of Finance shall estimate the amount of the additional revenues, less refunds, to be

derived in the following fiscal year from the incremental increases in tax rates made in subdivision (f), that, when combined with all other available General Fund revenues, will be required to meet:

(i) the minimum funding guarantee of section 8 of article XVI for that following fiscal year; and

(ii) the workload budget for that following fiscal year, excluding any program expenditures already accounted for through (i). For purposes of this section, "workload budget" has the meaning set forth in Government Code section 13308.05, as that section read and was interpreted by the Department of Finance on January 1, 2016, provided, however, that "currently authorized services" shall mean only those services that would have been considered "currently authorized services" under Government Code section 13308.05 as of January 1, 2016.

(F) In order to enhance the ability of all California school children and their families to receive regular, quality healthcare and thereby minimize school absenteeism due to health-related problems, whenever the Director of Finance estimates that the amount available for transfer into the Education Protection Account during the following fiscal year exceeds the amount of revenues required from that Account pursuant to subparagraph (E) for that following fiscal year, the Director shall identify the remaining amount. Fifty percent of that remainder, up to a maximum of two billion dollars in any single fiscal year, shall be allocated by the Controller from the Education Protection Account to the California Department of Health Care Services on a quarterly basis to increase funding for the existing healthcare programs and services described in Chapter 7 (commencing with Section 14000) to Chapter 8.9 (commencing with Section 14700), inclusive, of Part 3 of Division 9 of the Welfare and Institutions Code. The funding shall be used only for critical, emergency, acute and preventive healthcare services to children and their families, provided by health care professionals and health facilities that are licensed pursuant to Health and Safety Code Section 1250, and to health plans or others that manage the provision of healthcare for Medi-Cal beneficiaries that are contracting with the California Department of Health Care Services to provide health benefits pursuant to this section.

(G) The allocation provided for in subparagraph (F) may be suspended by statute during a fiscal year in which a budget emergency has been declared, provided, however, that the allocation shall not be reduced beyond the proportional reduction in overall General Fund expenditures for that year. For purposes of this section, "budget emergency" has the same meaning as in paragraph (2) of subdivision (b) of section 22 of article XVI.

(H) The funding provided pursuant to subparagraph (F) shall not be used to supplant existing state general funds for the nonfederal share of payments for those programs and, consistent with federal law, shall be used to obtain federal matching Medicaid funds.

(3) All moneys in the Education Protection Account are hereby continuously appropriated for the support of school districts, county offices of education, charter schools, and community college districts as set forth in this paragraph, and for healthcare as set forth in subparagraph (F) of paragraph (2).

(A) Eleven percent of the moneys appropriated for education pursuant to this paragraph shall be allocated quarterly by the Board of Governors of the California Community Colleges to community college districts to provide general purpose funding to community college districts in proportion to the amounts determined pursuant to Section 84750.5 of the Education Code, as that code section read ~~upon voter approval of this section, on November 6, 2012~~. The allocations calculated pursuant to this subparagraph shall be offset by the amounts specified in subdivisions (a), (c), and (d) of Section 84751 of the Education Code, as that section read ~~upon voter approval of this section on November 6, 2012~~, that are in excess of the amounts calculated pursuant to Section 84750.5 of the Education Code, as that section read ~~upon voter approval of this section on November 6, 2012~~, provided that no community college district shall receive less than one hundred dollars (\$100) per full time equivalent student.

(B) Eighty-nine percent of the moneys appropriated for education pursuant to this paragraph shall be allocated quarterly by the Superintendent of Public Instruction to provide general purpose funding to school districts, county offices of education, and state general-purpose funding to charter schools in proportion to the revenue limits calculated pursuant to Sections 2558 and 42238 of the Education Code and the amounts calculated pursuant to Section 47633 of the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read ~~upon voter approval of this section on November 6, 2012~~. The amounts so calculated shall be offset by the amounts specified in subdivision (c) of Section 2558 of, paragraphs (1) through (7) of subdivision (h) of Section 42238 of, and Section 47635 of, the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read ~~upon voter approval of this section on November 6, 2012~~, that are in excess of the amounts calculated pursuant to Sections 2558, 42238, and 47633 of the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read ~~upon voter approval of this section on November 6, 2012~~, provided that no school district, county office of education, or charter school shall receive less than two hundred dollars (\$200) per unit of average daily attendance.

(4) This subdivision is self-executing and requires no legislative action to take effect. Distribution of the moneys in the Education Protection Account by the Board of Governors of the California Community Colleges and Superintendent of Public Instruction shall not be delayed or otherwise affected by failure of the Legislature and Governor to enact an annual budget bill pursuant to Section 12 of Article IV, by invocation of paragraph (h) of Section 8 of Article XVI, or by any other action or failure to act by the Legislature or Governor.

(5) Notwithstanding any other provision of law, the moneys deposited in the Education Protection Account for education shall not be used to pay any costs incurred by the Legislature, the Governor, or any agency of state government.

(6) A community college district, county office of education, school district, or charter school shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session

of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district, county office of education, school district, and charter school shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

(7) The annual independent financial and compliance audit required of community college districts, county offices of education, school districts, and charter schools shall, in addition to all other requirements of law, ascertain and verify whether the funds provided from the Education Protection Account have been properly disbursed and expended as required by this section. Expenses incurred by those entities to comply with the additional audit requirement of this section may be paid with funding from the Education Protection Account and shall not be considered administrative costs for purposes of this section.

(8) Revenues, less refunds, derived pursuant to subdivision (f) for deposit in the Education Protection Account pursuant to this section shall be deemed "General Fund revenues," "General Fund proceeds of taxes," and "moneys to be applied by the State for the support of school districts and community college districts" for purposes of Section 8 of Article XVI.

(f)(1)(A) In addition to the taxes imposed by Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, for the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers at the rate of 1/4 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this State on and after January 1, 2013, and before January 1, 2017.

(B) In addition to the taxes imposed by Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, an excise tax is hereby imposed on the storage, use, or other consumption in this State of tangible personal property purchased from any retailer on and after January 1, 2013, and before January 1, 2017, for storage, use, or other consumption in this state at the rate of 1/4 percent of the sales price of the property.

(C) The Sales and Use Tax Law, including any amendments enacted on or after the effective date of this section, shall apply to the taxes imposed pursuant to this paragraph.

(D) This paragraph shall become inoperative on January 1, 2017.

(2) For any taxable year beginning on or after January 1, 2012, and before January 1, ~~2019~~2031, with respect to the tax imposed pursuant to Section 17041 of the Revenue and Taxation Code, the income tax bracket and the rate of 9.3 percent set forth in paragraph (1) of subdivision (a) of Section 17041 of the Revenue and Taxation Code shall be modified by each of the following:

(A)(i) For that portion of taxable income that is over two hundred fifty thousand dollars (\$250,000) but not over three hundred thousand dollars (\$300,000), the tax rate is 10.3 percent of the excess over two hundred fifty thousand dollars (\$250,000).

(ii) For that portion of taxable income that is over three hundred thousand dollars (\$300,000) but not over five hundred thousand dollars (\$500,000), the tax rate is 11.3 percent of the excess over three hundred thousand dollars (\$300,000).

(iii) For that portion of taxable income that is over five hundred thousand dollars (\$500,000), the tax rate is 12.3 percent of the excess over five hundred thousand dollars (\$500,000).

(B) The income tax brackets specified in clauses (i), (ii), and (iii) of subparagraph (A) shall be recomputed, as otherwise provided in subdivision (h) of Section 17041 of the Revenue and Taxation Code, only for taxable years beginning on and after January 1, 2013.

(C)(i) For purposes of subdivision (g) of Section 19136 of the Revenue and Taxation Code, this paragraph shall be considered to be chaptered on ~~the date it becomes effective~~ November 6, 2012.

(ii) For purposes of Part 10 (commencing with Section 17001) of, and Part 10.2 (commencing with Section 18401) of, Division 2 of the Revenue and Taxation Code, the modified tax brackets and tax rates established and imposed by this paragraph shall be deemed to be established and imposed under Section 17041 of the Revenue and Taxation Code.

(D) This paragraph shall become inoperative on December 1, ~~2019~~2031.

(3) For any taxable year beginning on or after January 1, 2012, and before January 1, ~~2019~~2031, with respect to the tax imposed pursuant to Section 17041 of the Revenue and Taxation Code, the income tax bracket and the rate of 9.3 percent set forth in paragraph (1) of subdivision (c) of Section 17041 of the Revenue and Taxation Code shall be modified by each of the following:

(A)(i) For that portion of taxable income that is over three hundred forty thousand dollars (\$340,000) but not over four hundred eighty thousand dollars (\$408,000), the tax rate is 10.3 percent of the excess over three hundred forty thousand dollars (\$340,000).

(ii) For that portion of taxable income that is over four hundred eighty thousand dollars (\$408,000) but not over six hundred eighty thousand dollars (\$680,000), the tax rate is 11.3 percent of the excess over four hundred eighty thousand dollars (\$408,000).

(iii) For that portion of taxable income that is over six hundred eighty thousand dollars (\$680,000), the tax rate is 12.3 percent of the excess over six hundred eighty thousand dollars (\$680,000).

(B) The income tax brackets specified in clauses (i), (ii), and (iii) of subparagraph (A) shall be recomputed, as otherwise provided in subdivision (h) of Section 17041 of the Revenue and Taxation Code, only for taxable years beginning on and after January 1, 2013.

(C)(i) For purposes of subdivision (g) of Section 19136 of the Revenue and Taxation Code, this paragraph shall be considered to be chaptered on ~~the date it becomes effective~~ November 6, 2012.

(ii) For purposes of Part 10 (commencing with Section 17001) of, and Part 10.2 (commencing with Section 18401) of, Division 2 of the Revenue and Taxation Code, the modified tax brackets and tax rates established and imposed by this paragraph shall be deemed to be established and imposed under Section 17041 of the Revenue and Taxation Code.

(D) This paragraph shall become inoperative on December 1, ~~2019~~2031.

(g)(1) The Controller, pursuant to his or her statutory authority, may perform audits of expenditures from the Local Revenue Fund 2011 and any County Local Revenue Fund 2011, and shall audit the Education Protection Account to ensure that those funds are used and accounted for in a manner consistent with this section.

(2) The Attorney General or local district attorney shall expeditiously investigate, and may seek civil or criminal penalties for, any misuse of moneys from the County Local Revenue Fund 2011 or the Education Protection Account.

SECTION 5. Conflicting Measures.

In the event that this measure and another measure that affects the tax rates for personal income shall appear on the same statewide ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this measure shall prevail in their entirety, and the other measure or measures shall be null and void.

SECTION 6. Severability.

If the provisions of this act, or part thereof, are for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect and to this end the provisions of this act are severable.

SECTION 7. Proponent Standing.

Notwithstanding any other provision of law, if the State, government agency, or any of its officials fail to defend the constitutionality of this act, following its approval by the voters, any other government employer, the proponent, or in his or her absence, any citizen of this State shall have the authority to intervene in any court action challenging the constitutionality of this act for the purpose of defending its constitutionality, whether such action is in trial court, on appeal, and on discretionary review by the Supreme Court of California and/or the Supreme Court of the United States. The fees and costs of defending the action shall be a charge on funds appropriated to the Attorney General, which shall be satisfied promptly.

SECTION 8. Effective Date.

This measure shall take effect immediately upon passage.



January 22, 2016

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed a proposed constitutional initiative concerning taxes (A.G. File No. 15-0115, Amendment No. 1). The proposal extends temporary personal income tax (income tax) rate increases on high-income taxpayers that were approved as part of Proposition 30 in 2012.

Background

California's State Budget. California state taxes—primarily income taxes—are spent mainly from the state government's General Fund, the state's main operating account. The General Fund will spend about \$115 billion during the current 2015-16 state fiscal year. The General Fund pays for part of California's K-12 and higher education programs, health and human services programs, state prisons, statewide retirement systems for public employees, debt service on state infrastructure bonds, and other programs.

Proposition 30. Proposition 30 temporarily raised state taxes.

- **Sales Taxes.** Proposition 30 increased the state sales tax rate by one-quarter cent from 2013 through 2016. In the current fiscal year, this increase is expected to raise \$1.5 billion of revenue.
- **Income Taxes.** Proposition 30 also increased marginal income tax rates paid by roughly the 1 percent of tax filers in the state with the highest incomes. Depending on their taxable income levels, these filers pay an extra 1 percent, 2 percent, or 3 percent tax on part of their incomes. These increases are in effect from 2012 through 2018. In the current fiscal year, the Proposition 30 income tax increases are expected to raise between \$6 billion and \$8 billion of revenue.

Proposition 98. The largest category of state General Fund spending is for school districts and community colleges. Proposition 98, approved by voters in 1988 and modified in 1990, establishes a minimum funding level for schools and community colleges. This funding level tends to grow over time based on growth in the state's economy, state tax revenue, and student attendance, among other factors. In the current fiscal year, the state will spend around \$50 billion on Proposition 98 programs

(over 40 percent of all General Fund revenues). In addition to this state funding, schools and community colleges will receive around \$19 billion from local property taxes.

Medi-Cal Program. In California, the federal Medicaid program is known as Medi-Cal. The Medi-Cal program uses state and federal funds to provide health care services to most low-income persons. Medi-Cal is the largest state-administered health program in terms of spending and people served. In the current fiscal year, the state will spend around \$18 billion from the General Fund on Medi-Cal.

Proposition 2. In November 2014, California voters approved Proposition 2. Proposition 2 creates a new set of rules to determine the amount of money the state has to deposit to a rainy day fund (the Budget Stabilization Account), particularly when the economy and stock market are doing well. This fund is intended to reduce the need for budget cuts, tax increases, and other measures in the future when the economy or stock market weakens. Proposition 2 requires that money be deposited into the rainy day fund until the total reaches a maximum of 10 percent of General Fund tax revenues—which now equals about \$12 billion. Proposition 2 also requires the state to pay down certain state debts faster.

Proposition 2 allows the state to reduce the rainy day fund deposit only if the Governor calls a “budget emergency.” The Legislature would have to agree to reduce the deposit. The Governor could call a budget emergency only if:

- A natural disaster occurs, such as a flood or an earthquake.
- There is not enough money available to keep General Fund spending at the highest level of the past three years (adjusted for changes in the state population and the cost of living).

State Spending Limit. In addition to Propositions 2, 30, and 98, the State Constitution includes other rules affecting the state budget, such as the state spending limit that has been in place since passage of Proposition 4 in 1979.

Department of Finance (DOF). Led by the Director of Finance, DOF is the executive branch entity that supervises the state government’s financial policies.

Proposal

Extends Proposition 30 Income Tax Increases Through 2030. Under this measure, the Proposition 30 income tax rate increases on high-income Californians would not expire at the end of 2018, as scheduled under current law. As summarized in Figure 1, this measure would extend those income tax rate increases through 2030. Spending from the revenues raised by this measure would be subject to the state’s spending limit. (Under this measure, Proposition 30’s sales tax rate increase would not be extended.)

Provides Some New Monies for Medi-Cal. For fiscal years 2018-19 through 2030-31, the measure requires DOF to determine how much revenue raised by this measure would be available for the Medi-Cal program. Specifically, DOF would (1) estimate the amount of revenues raised by this measure and (2) subtract from that estimate higher required school and community college spending and certain other government costs, such as the cost of more people being served by state government programs. The lesser of (1) 50 percent of the resulting amount or (2) \$2 billion would be allocated to the Medi-Cal program. During a Proposition 2 budget emergency, the measure allows this allocation to be reduced in proportion to the reduction in overall General Fund spending.

Figure 1**Proposed Personal Income Tax Rates Under This Proposal**

Single Filer's Taxable Income ^a	Joint Filers' Taxable Income ^a	Marginal Tax Rate ^b		
		Through 2018	2019 and Later	2019-2030
		With Proposition 30 Still in Effect	If Proposition 30 Expires as Scheduled	If This Proposal Is Approved by Voters
\$0-\$7,850	\$0-\$15,700	1.0%	1.0%	1.0%
7,850-18,610	15,700-37,220	2.0	2.0	2.0
18,610-29,372	37,220-58,744	4.0	4.0	4.0
29,372-40,773	58,744-81,546	6.0	6.0	6.0
40,773-51,530	81,546-103,060	8.0	8.0	8.0
51,530-263,222	103,060-526,444	9.3	9.3	9.3
263,222-315,866	526,444-631,732	10.3	9.3	10.3
315,866-526,443	631,732-1,052,886	11.3	9.3	11.3
Over 526,443	Over 1,052,886	12.3	9.3	12.3

^a Income brackets shown are in effect for 2015 and are adjusted for inflation in future years. Single filers include married individuals and registered domestic partners (RDPs) who file taxes separately. Joint filers include married and RDP couples who file jointly, as well as qualified widows or widowers with a dependent child. Income brackets for head-of-household filers are not listed, but those filers with taxable income of \$357,981 and greater (as of 2015) also would be subject to 10.3 percent, 11.3 percent, or 12.3 percent marginal tax rates under Proposition 30 and through 2030 if this proposal is approved by voters.

^b Marginal tax rates apply to taxable income in each tax bracket listed. Tax rates listed exclude the mental health tax rate of 1 percent for taxable income in excess of \$1 million.

Fiscal Effects

Increased State Tax Revenues. Currently, the Proposition 30 income tax rate increases are scheduled to expire at the end of 2018. This measure would increase state income tax revenues by billions of dollars per year above current expectations for the years 2019 through 2030. (This would result in increased tax revenues for fiscal years 2018-19 through 2030-31.) The precise amount of this revenue in any given year would depend heavily on trends in the stock market and the economy. For example, if the stock market and economy were weak in 2019 (the first year of the proposed tax increase extension), this measure might generate around \$5 billion of increased revenue. Conversely, if the stock market and economy were strong at that time, the measure might raise around \$11 billion. Near the midpoint of this range—around \$7.5 billion—is one reasonable expectation of the additional revenue that this measure would generate in 2019. Thereafter, through 2030, that amount would rise or fall each year depending on trends in the stock market and the economy.

Increased School and Community College Funding. Under current law, the expiration of Proposition 30 is expected to slow the growth of state tax revenues, thereby slowing the growth of the Proposition 98 minimum funding level. Under this measure, the amount of Proposition 98 funds provided to schools and community colleges each year probably would increase by a few billion dollars, compared to what these entities would receive if all of Proposition 30's tax increases expired. The amount of increased school spending over the 2019-2030 period could vary significantly, depending on such factors as the Proposition 98 variables and the state of the economy during the period.

Increased Budget Reserves and Debt Payments. Under current law, the expiration of Proposition 30 will result in less revenue available for budget reserves and debt payments compared to when Proposition 30 was in effect. This measure would increase the amount of money used for

budget reserves and debt payments, particularly when the economy and stock market are doing well. Because the measure would increase the amount of money used for budget reserves, it would be more likely that the total amount of reserves would reach the 10 percent maximum established by Proposition 2. If this occurred, the measure could result in more funding being used to build and maintain infrastructure.

Increased Medi-Cal Funding. The amount of increased Medi-Cal spending could vary significantly each year, ranging from \$0 to \$2 billion. The measure delegates to DOF the authority to make this estimate by implementing this measure's provisions.

Remaining Funding Generally Available for Any Purpose. After satisfying requirements that the state tax revenues raised by this measure be allocated for (1) school and community college funding, (2) budget reserves and debt payments, and (3) the Medi-Cal program, the state could use any remaining funds for any budget purpose. The use of that funding would depend on decisions by future legislatures and governors.

Other Fiscal Effects. The likelihood that the state exceeds its Proposition 4 spending limit in the future is difficult to predict. If, however, this were to occur between 2019 and 2030, part of this measure's revenues would go to one-time taxpayer rebates and one-time school and community college spending instead of being available for other state purposes.

Fiscal Summary. This measure would have the following major fiscal effects:

- Increased state revenues annually from 2019 through 2030—likely in the \$5 billion to \$11 billion range initially—with amounts varying based on stock market and economic trends.
- Increased revenues would be allocated under constitutional formulas to schools and community colleges, budget reserves and debt payments, and health programs, with remaining funds available for these or other state purposes.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance



**Contra
Costa
County**

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 9, 2016

Subject: APPOINTMENT OF COUNTY PROBATION OFFICER – EXEMPT – TODD BILECCI

RECOMMENDATION(S):

ADOPT Resolution No. 2016/487 Reallocating the classification of County Probation Officer – Exempt (7AA1) on the Salary Schedule; and APPOINT Todd Billeci to the position of County Probation Officer – Exempt at Step 3 of the salary range effective August 10, 2016.

FISCAL IMPACT:

The estimated annual County cost for the County Probation Officer – Exempt position is \$342,000 of which \$142,000 is pension costs. The estimated cost for the remainder of fiscal year 2016/2017 is \$300,000, of which \$124,000 is pension cost. All costs are budgeted in the General Fund within the Probation Department operating budget.

BACKGROUND:

In February of 2016, County Probation Officer Phillip Kader informed the County Administrator that he would be retiring from his position on March 31, 2016. On April 2, 2016, the County Administrator appointed Todd Billeci, Assistant County Probation Officer-Exempt, to serve as the Interim County Probation Officer – Exempt pending selection of a new Director.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: David J. Twa, County
Administrator (5-1080)

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Harjit S. Nahal, Assistant County Auditor, Lisa Lopez, Assistant Director of Human Resources

BACKGROUND: (CONT'D)

The County contracted with Peckham and McKenney to conduct the recruitment to fill the vacancy. On May 12, 2016, the recruitment for a new County Probation Officer –Exempt commenced. Peckham and McKenney advertised the position nationwide but with particular emphasis on the west coast region. Ads were placed with the California State Association of Counties (CSAC), the California Probation, Parole and Correctional Association, Chief Probation Officers of California, Western City Magazine, Careers in Government, and Jobs Available. Invitations and recruitment profiles were sent to 280 potential candidates targeted by Peckham and McKenney. The six (6) week recruitment garnered 272 applications. With the assistance of Peckham and McKenney, the applications were screened and five (5) semi-finalists were forwarded to the County Selection Committee on July 18, 2016. The County Selection Committee was composed of Honorable Presiding Judge, Steven Austin, Superior Court, Contra Costa County; Honorable Supervising Juvenile Judge Thomas Maddock, Superior Court, Contra Costa County; Mary Butler, Chief Probation Officer, Napa County; and Kathy Ito, President, KMI Human Resources Consulting, Inc.

Following a series of interviews and reference checks, I selected Todd Billeci for the position.

Mr. Billeci holds a Bachelor's Degree in Government with a Minor in Business Administration from California State University, Sacramento. Todd began his career with Contra Costa County 25 years ago as a Group Counselor I and has held progressively responsible positions of Probation Supervisor I, Probation Manager, Probation Field Services Director, Probation Director, and Assistant County Probation Officer-Exempt. Mr. Billeci is a resident of Contra Costa County.

CONSEQUENCE OF NEGATIVE ACTION:

The County Probation Officer position will remain vacant and the salary schedule will not be reallocated.

ATTACHMENTS

Resolution No. 2016/487

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/487

Reallocating the salary of the classification of County Probation Officer – Exempt

WHEREAS, the County Administrator's Office and the Human Resources Department recognized a need to reallocate the salary of the County Probation Officer-Exempt classification;

WHEREAS, the Board of Supervisors will be considering the appointment of a new County Probation Officer – Exempt on August 9, 2016 to be effective on his start date of August 10, 2016,

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Contra Costa County: **REALLOCATE** the salary of County Probation Officer-Exempt (7AA1) from salary plan and grade BD5 2363 with five steps to BD5 2363 seven steps, adding two five percent steps to the top of the current salary range effective August 10, 2016.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: David J. Twa, County Administrator
(5-1080)

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Harjit S. Nahal, Assistant County Auditor, Lisa Lopez, Assistant Director of Human Resources



**Contra
Costa
County**

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Plans for Pomona Street Raised Crosswalk

RECOMMENDATION(S):

APPROVE the plans for Pomona Street Raised Crosswalk Project, as recommended by the Public Works Director, Crockett Area.

FISCAL IMPACT:

Project will be funded 100% through Phillips 66 Grant Funds.

BACKGROUND:

This project includes construction of curb ramps and an elevated crosswalk on Pomona Street, approximately 700 feet east of Rolph Park Drive, to replace the current mid-block crossing. This raised crosswalk will improve safety for pedestrians by making pedestrians more visible and calming traffic. The project was determined to be exempt from the California Environmental Quality Act as a Class 15303(d) Categorical Exemption. The Notice of Exemption was filed with the County Clerk on February 15, 2015.

CONSEQUENCE OF NEGATIVE ACTION:

Delay in approving the project may jeopardize funding.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jon Suemnick
925-313-2263

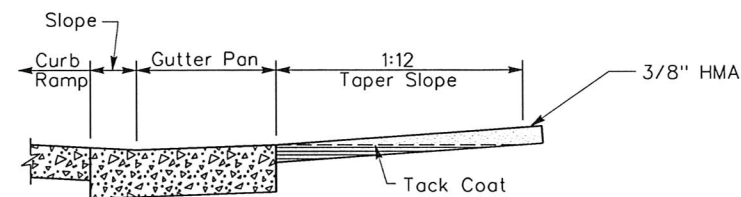
David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

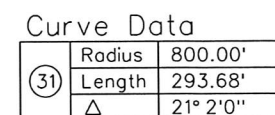
cc: Mary Halle

ATTACHMENTS

Pomona Street Raised
Crosswalk

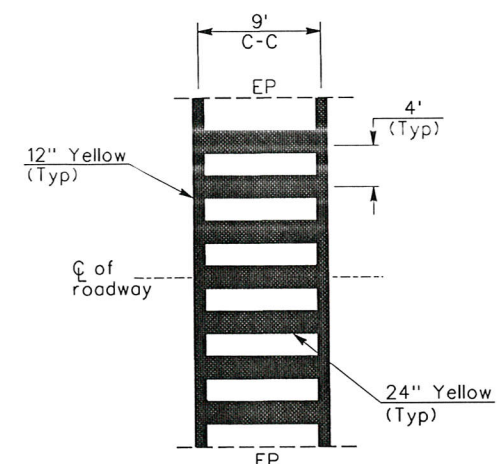


SECTION B-B
NO SCALE



Notes:

1. Striping to follow California MUTCD Fig. 3B-31 (Typ).
2. Striping to follow California MUTCD Fig. 3B-30 (Typ).

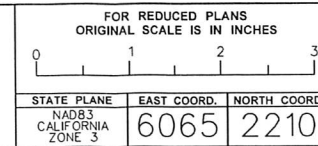


HATCHED CROSSWALK DETAIL

No Scale

<h1 style="text-align: center;">REVISIONS</h1>				DES.: J. HONEY	
				DRAWN: P. WARDEN	
NO.	DESCRIPTION	BY	DATE	CHKD.: J. SUENICK	
				DATE: 7-5-16	
				SCALE: 1"=10'	
				FLD. BK. FR. 1680	

CONTRA COSTA COUNTY
PUBLIC WORKS DEPARTMENT
255 GLACIER DRIVE
MARTINEZ, CALIFORNIA 94553



POMONA STREET PEDESTRIAN
SAFETY IMPROVEMENTS PHASE 2

	PLAN
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FILE NO.	SHEET 1 OF 1
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4c-409016mtc.004

7/5/2016



**Contra
Costa
County**

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Prohibit parking on a portion of Pacheco Boulevard (Road No. 3951C), Martinez area. District V

RECOMMENDATION(S):

ADOPT Traffic Resolution No. 2016/4445 to prohibit parking at all times (red curb) on the north side of Pacheco Boulevard (Road No. 3951C), beginning at a point 15 feet east of the centerline of Falling Star Drive (private road) and extending westerly a distance of 60 feet, as recommended by the Public Works Director, Martinez area.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

Upon the request by County Connection to add red curb at a bus stop on Pacheco Boulevard, County Traffic Engineering staff investigated and made the following observations. Currently motorists park at the unmarked curb where a bus stop is located, forcing buses to stop in the travel lane of Pacheco Boulevard in order to embark or disembark passengers. This creates a less than ideal condition for both motorists and passengers, especially those with disabilities who may have to enter the roadway to board the bus. This bus stop is located on a curve in the roadway and some drivers cross into the oncoming lane to pass a stopped bus. Prohibiting parking at this location would allow the bus to be out of the traveled portion of the roadway while embarking/disembarking passengers and allow the bus to safely merge back into traffic.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Monish Sen, (925)
313-2187

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Monish Sen

CONSEQUENCE OF NEGATIVE ACTION:

Vehicles will continue to park at the bus stop, forcing bus operators to stop in the traveled way to provide service at this stop. Local law enforcement authorities will be unable to use their parking enforcement abilities per the California Vehicle Code.

ATTACHMENTS

TR Prohibit Parking on Pacheco Blvd. Road 3951C

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Traffic Resolution on August 9, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RESOLUTION NO. 2016/4445
Supervisory District V

SUBJECT: Prohibit parking at all times (red curb) on a portion of Pacheco Boulevard, Martinez area.

The Contra Costa County Board of Supervisors RESOLVES that:

Based on the recommendations by the County Public Works Department's Transportation Engineering Division and pursuant to County Ordinance Code Sections 46-2.002 – 46-2.012, the following traffic regulation is established:

Pursuant to Sections 22507 of the California Vehicle Code, parking is hereby declared to be prohibited at all times, except for the loading or unloading of bus passengers, on the north side of Pacheco Boulevard (Road No. 3951C), beginning at a point 15 feet east of the centerline of Falling Star Drive (private road) and extending westerly a distance of 60 feet, Martinez area.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

MS:sb

Orig. Dept.: Public Works (Traffic)
Contact: Monish Sen (925-313-2187)

c: California Highway Patrol
Sheriff's Department

ATTESTED: _____
DAVID TWA, Clerk of the Board of Supervisors and
County Administrator

By _____,
Deputy



Contra
Costa
County

To: Board of Supervisors

From: Julia R. Bueren, Public Works Director/Chief Engineer

Date: August 9, 2016

Subject: APPROVE the contingency fund increase and Contract Change Order #1 for the Bay Point Curb Ramp Project, Bay Point area.

RECOMMENDATION(S):

APPROVE the Bay Point Curb Ramp Project contingency fund increase of \$45,000 for a new contingency fund total of \$62,766.00, and a new payment limit of \$240,426.00, effective August 9, 2016, and

APPROVE and AUTHORIZE the Public Works Director, or designee, to execute Contract Change Order No. 1 with Rosas Brothers Construction, effective August 9, 2016, in an amount not to exceed \$58,478.00. Project No. 0662-6U4031-16

FISCAL IMPACT:

Project is being funded by 100% Local Road Funds.

BACKGROUND:

Contract Change Order No. 1 is necessary to pay the contractor, Rosas Brothers Construction, for additional cost incurred during the construction of the American Disabilities Act (ADA) curb ramps.

The contingency fund increase is necessary to compensate the contractor for unforeseen extra work necessary for construction of the project.

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Kevin Emigh,
925-313-2233

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

The lack of approval would prevent successful completion of this contract and prevent the contractor from being compensated for additional costs.

ATTACHMENTS

Bay Point Curb Ramp CCO #1

CONTRACT CHANGE ORDER**CCO No. 1****REV. NO. 0**Change Requested by: ☒ engineer ☐ contractor**SUPPLEMENT NO. 0**

PROJECT NAME: Bay Point Curb Ramp	DATE: 7/21/2016
COUNTY PROJECT NO.: 0662-6R4031-16	
TO: Rosas Brothers Construction, contractor	
You are hereby directed to make the herein described changes from the plans and specification or do the following described work not included in the plans and specifications on this contract.	
NOTE: This change order is not effective until approved by the Deputy Public Works Director.	

EXTRA WORK AT CONTRACT PRICES:

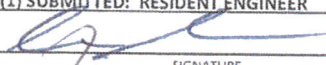
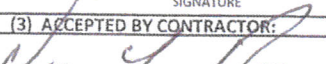
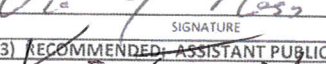

Item No.	Description	Units	Additional Quantity	Unit Cost	Amount
7	Minor Concrete (Sidewalk)*	SF	2070.50	\$16.00	\$33,128.00
8	Minor Concrete (Curb and Gutter)	LF	338.00	\$75.00	\$25,350.00
Total:					\$58,478.00

*Of the 2070.5 square feet added, 400 square feet was for added HMA agreed to be paid as minor concrete sidewalk.

TOTAL INCREASE CCO NO. 1 : \$58,478.00

By reason of the above changes - 0 - working day extension will be allowed.

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefore the prices shown above.

(1) SUBMITTED: RESIDENT ENGINEER		
	ERIC SANDERS (PRINT NAME & TITLE)	07/21/16 DATE
(3) ACCEPTED BY CONTRACTOR:		
	VICTOR H. ROSAS (PRINT NAME & TITLE)	07/25/2016 DATE
(3) RECOMMENDED: ASSISTANT PUBLIC WORKS DIRECTOR, CONSTRUCTION DIVISION		
	KEVIN EMIGH, DIVISION MANAGER, DESIGN/CONSTRUCTION DIVISION (PRINT NAME & TITLE)	07/26/16 DATE
(4) APPROVED: DEPUTY PUBLIC WORKS DIRECTOR		
	STEVE KOWALEWSKI, DEPUTY PUBLIC WORKS DIRECTOR (PRINT NAME & TITLE)	7/26/16 DATE

Auditor / Contractor / Resident Engineer / Finance / Construction

CONTRACT CHANGE ORDER MEMORANDUMChange Requested by: ☒ engineer ☐ contractor

PROJECT NAME: Bay Point Curb Ramp		DATE: July 21, 2016
COUNTY PROJECT NO.: 0662-6R4031-16		
CCO No. 1	REV. NO. 0	SUPPLEMENT NO. 0
CCO AMOUNT: \$58,478.00		<input checked="" type="checkbox"/> INCREASE <input type="checkbox"/> DECREASE

CCO DESCRIPTION: Addition of concrete sidewalk square footage, Addition of HMA square footage (paid for under minor concrete sidewalk) and addition of concrete curb and gutter linear feet needed to meet ADA requirements.

RESERVE BALANCE (CONTINGENCY FUND) vs. TOTAL CONTRACT CHANGE ORDER COSTS:

ORIGINAL CONTRACT AMOUNT:	\$177,660.00
ORIGINAL CONTINGENCY FUND:	\$17,766.00
ORIGINAL TOTAL PROJECT ALLOTMENT:	\$195,426.00
BOS APPROVAL REQUIRED FOR CCOS IN EXCESS OF:	\$17,766.00
CONTINGENCY FUND INCREASE REQUIRED:	yes
INCREASE AMOUNT:	\$45,000.00
BOS APPROVAL DATE:	August 9, 2016
NEW CONTINGENCY FUND AMOUNT:	\$62,766.00
NEW TOTAL PROJECT ALLOTMENT:	\$240,426.00

PREVIOUSLY APPROVED CONTRACT CHANGE ORDERS:

CCO #	CCO AMOUNT	CCO #	CCO AMOUNT	CCO #	CCO AMOUNT

SUB-TOTAL PREVIOUSLY APPROVED CONTRACT CHANGE ORDERS: \$0.00

This CCO, No. 1: \$58,478.00


TOTAL OF ALL CCOS: \$58,478.00

CONTINGENCY FUND BALANCE: \$4,288.00**INDEPENDENT COST ANALYSIS:**

Cost analysis was determined by bid item and price. Bid Item #7 Minor Concrete (Sidewalk) @ \$16.00 per square foot and minor concrete (curb and gutter) @ \$75.00 per linear foot.

TIME IMPACT ANALYSIS:

No additional working days added.

(1) RESIDENT ENGINEER		
	ERIC SANDOVAL RE	07/26/16
SIGNATURE	(PRINT NAME & TITLE)	DATE
(2) ENVIRONMENTAL		
SIGNATURE	(PRINT NAME & TITLE)	DATE
(3) OTHER		
SIGNATURE	(PRINT NAME & TITLE)	DATE
(4) CALTRANS OVERSIGHT ENGINEER		
SIGNATURE	(PRINT NAME & TITLE)	DATE

Auditor / Contractor / Resident Engineer / Finance / Construction



Contra
Costa
County

To: Board of Supervisors

From: Julia R. Bueren, Public Works Director/Chief Engineer

Date: August 9, 2016

Subject: APPROVE Deferred Improvement Agreement along Center Street for minor subdivision MS13-00007, Walnut Creek Area.

RECOMMENDATION(S):

ADOPT Resolution No. 2016/481 approving and authorizing the Public Works Director, or designee, to execute the Deferred Improvement Agreement for minor subdivision MS13-00007, for a project being developed by Ron Carter c/o of DirtBrokers, Inc., Walnut Creek area. (District IV)

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

This Deferred Improvement Agreement is required by Condition of Approval No. 28 of minor subdivision MS13-00007.

CONSEQUENCE OF NEGATIVE ACTION:

The Deferred Improvement Agreement will not be approved and executed.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jocelyn LaRocque,
925-313-2315

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Karen Piona, Sherri Reed, Caroline Tom, Jocelyn LaRocque

ATTACHMENTS

Resolution No. 2016/481

Deferred Improvement
Agreement_MS13-00007

Recorded at the request of: Jocelyn LaRocque

Return To: Jocelyn LaRocque

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐

NO: ☐

ABSENT: ☐

ABSTAIN: ☐

RECUSE: ☐

Resolution No. 2016/481

IN THE MATTER OF approving and authorizing the Public Works Director, or designee, to execute the Deferred Improvement Agreement for minor subdivision MS13-00007, for project being developed by Ron Carter c/o of DirtBrokers, Inc., Walnut Creek area. (District IV)

WHERE AS, the Public Works Director has recommended that she be authorized to execute the Deferred Improvement Agreement with Brian Allen, property owner, as required by the Conditions of Approval for minor subdivision MS13-00007. This agreement would permit the deferment of construction of permanent improvements along Center Street, which is located in the Walnut Creek area.

NOW, THEREFORE, BE IT RESOLVED that the recommendation of the Public Works Director is APPROVED.

Contact: Jocelyn LaRocque, 925-313-2315

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Karen Piona, Sherri Reed, Caroline Tom, Jocelyn LaRocque

Recorded at the request of:
Contra Costa County
Public Works Department
Engineering Services Division
Return to:
Public Works Department
Engineering Services Division
Records Section

Area: Walnut Creek
Road: Center Street
Co. Road No: 3845AW
Project: MS13-00007
APN: 184-140-024

DEFERRED IMPROVEMENT AGREEMENT

(Project: MS13-00007)

THESE SIGNATURES ATTEST TO THE PARTIES' AGREEMENT HERETO:

CONTRA COSTA COUNTY
Julia R. Bueren, Public Works Director

OWNER: (See note below)
Brian Allen

By: _____

(signature)  _____

RECOMMENDED FOR APPROVAL:

By: _____
Engineering Services Division

(signature) _____

FORM APPROVED: Victor J. Westman, County Counsel

(NOTE: This document is to be acknowledged with signatures as they appear on deed of title. If Owner is incorporated, signatures must conform with the designated representative groups pursuant to Corporations Code §313.)

(see attached notary)

1. PARTIES. Effective on _____, the **County of Contra Costa**, hereinafter referred to as "County" and Brian Allen hereinafter referred to as "Owner" mutually agree and promise as follows:
2. PURPOSE. Owner desires to develop the property described in Exhibit "A" attached hereto and wishes to defer construction of permanent improvements, and County agrees to such deferment if Owner constructs improvements as herein promised.
3. AGREEMENT BINDING ON SUCCESSORS IN INTEREST. This agreement is an instrument affecting the title or possession of the real property described in Exhibit "A." All the terms, covenants and conditions herein imposed are for the benefit of County and the real property or interest therein which constitutes the County road and highway system and shall be binding upon and inure to the benefit of the land described in Exhibit "A" and the successors in interest of Owner. Upon sale or division of the property described in Exhibit "A", the terms of this agreement shall apply separately to each parcel, and the owner of each parcel shall succeed to the obligations imposed on Owner by this agreement. Upon annexation to any city, Owner, or those who succeed him as owner of the property described in Exhibit "A," shall fulfill all the terms of this agreement upon demand by such city as though Owner had contract with such city originally. Any annexing city shall have all rights of a third party beneficiary.

4. STREET AND DRAINAGE IMPROVEMENTS:

A. The improvements set forth in this section may be deferred by Owner and shall be constructed when required in the manner set forth in this agreement. The deferred improvements required by County Department of Public Works are generally described on Exhibit "B" attached hereto. Each of said improvements relate to the use, repair, maintenance or improvement of, or payment of taxes, special assessments or fees on, the property described in Exhibit "A."

B. When County Public Works Director determines that there is no further reason to defer construction of the improvements because their construction is necessary for the public health, welfare and safety and/or is necessary to the orderly development of the surrounding area, he shall notify Owner in writing to commence their installation and construction. The notice shall be mailed to the current owner or owners of the property as shown on the latest adopted County assessment roll. The notice shall describe the work to be done by Owner, the time within which the work shall commence and the time within which the work shall be completed. All or any portion of said improvements may be required at a specified time. Each Owner shall participate on a pro rata basis in the cost of the improvements to be installed. If Owner is obligated to pay a pro rata share of a cost of a facility provided by others, the notice shall include the amount to be paid and the time when payments must be made.

5. PERFORMANCE OF THE WORK. Owner shall perform the work and make the payments required by County as set forth herein or as modified by the Board of Supervisors. Owner shall cause plans and specifications for the improvements to be prepared by competent persons legally qualified to do the work and shall submit said improvement plans and specifications for approval prior to commencement of the work described in the notice and to pay County inspection fees. The work shall be done in accordance with County standards in effect at the time improvement plans are submitted for approval. Owner agrees to commence and complete the work within the time specified in the notice given by the Director of Public Works and to notify the County at least 48 hours prior to start of work. In the event Owner or his successor(s) in interest fails to construct any of the improvements required under this agreement, County may, at its option, do the work. A lien is hereby created on all property described in Exhibit "A" for the cost of such work. If County sues to compel performance of this agreement, to recover the cost of completing the improvements or to enforce the aforementioned lien, Owner shall pay all reasonable attorney's fees, costs of suit and all other expenses of litigation incurred by County in connection therewith, and said attorney's fees, costs and other expenses shall also become a lien on the property described in Exhibit "A". If the property described in Exhibit "A" is subdivided at the time said liens are imposed, the amount of said liens shall be divided proportionately among the various parcels. Permission to enter onto the property of Owner is granted to County or its contractor as may be necessary to construct the improvements covered by this agreement.

6. JOINT COOPERATIVE PLAN. Upon notice by County, Owner agrees to cooperate with other property owners, the County, and other public agencies to provide the improvements set forth herein under a joint cooperative plan including the formation of a local improvement district, if this method is feasible to secure the installation and construction of the improvements.

7. REVIEW OF REQUIREMENTS. If Owner disagrees with the requirements set forth in any notice to commence installation of improvements, he shall, within 30 days of the date the notice was mailed, request a review of the requirements by the Board of Supervisors of County. The decision of this Board shall be binding upon both County and Owner.

8. ACCEPTANCE OF IMPROVEMENTS. County agrees to accept those improvements specified in Exhibit "B" which are constructed and completed in accordance with County standards and requirements and are installed within rights of way or easements dedicated and accepted by resolution of the Board of Supervisors. Owner agrees to provide any necessary temporary drainage facilities, access road or other required improvements, to assume responsibility for the proper functioning thereof, to submit plans to the appropriate County agency for review, if required, and to maintain said improvements and facilities in a manner which will preclude any hazard to life or health or damage to adjoining property.

9. BONDS. Prior to County approval of improvement plans, Owner may be required to execute and deliver to the County a faithful performance bond and a payment bond in an amount and form acceptable to County to be released by the Board of Supervisors in whole or in part upon completion of the work required and payment of all persons furnishing labor and materials in the performance of the work.

10. INSURANCE. Owner shall maintain, or shall require any contractor engaged to perform the work to maintain, at all times during the performance of the work called for herein a separate policy of insurance in a form and amount acceptable to County.

11. INDEMNITY. Owner shall defend, indemnify and save harmless the County, its officers, agents and employees, from every expense, liability or payment by reason of injury (including death) to persons or damage to property suffered through any act or omission, including passive negligence or act of negligence, or both, of Owner, his developer, contractors, subcontractors, employees, agents, or anyone directly or indirectly employed by any of them, or arising in any way from work called for by this agreement, on any part of the premises, including those matters arising out of the deferment of permanent drainage facilities or the adequacy, safety, use or non-use of temporary drainage facilities, or the performance or nonperformance of the work. This provision shall not be deemed to require the Owner to indemnify the County against the liability for damage arising from the sole negligence or willful misconduct of the County or its agents, servants, or independent contractors who are directly responsible to the County.

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
County of Contra Costa

On the June 14, 2016 before me, E.M. Lacson a Notary Public, personally appeared Brian Allen, 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.

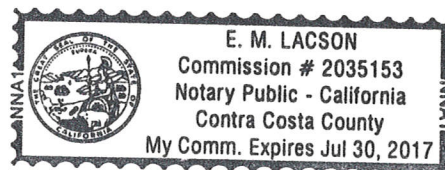
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Name: E.M. Lacson
(Typed or Printed)

(Seal)



Attached to Deferred Improvement Agreement

MS13-00007 (Dev. No. reference)

EXHIBIT "A"

All that real property situated in the County of Contra Costa, State of California, described as follows:

Lot 8, Block E, of Map of Dewing Park Extension, filed December 20, 1916, in Map Book 15, Page 314, Contra Costa County Records.

EXHIBIT "B"

IMPROVEMENTS

Improvements required by Contra Costa County Department of Conservation and Development and the County Ordinance Code as a condition of approval for the above-referenced development are located along Center Street for Parcels A and B, described in Exhibit "A":

1. Construction of curb, 5-foot sidewalk (width measured from curb face), necessary longitudinal and transverse drainage, street lighting, and pavement widening and transitions along the frontage of Center Street. Face of curb shall be located 9 feet from the ultimate right-of-way line.
2. At the time the deferred improvement agreement is called up, property owner(s) shall submit improvement plans, prepared by a registered civil engineer, to the Public Works Department and pay the appropriate fees in accordance with the County Ordinance and this deferred improvement agreement.

CONSTRUCTION

Any necessary relocation of utility facilities shall be the responsibility of the owner or his agent.

The construction of the above deferred improvements shall begin as outlined in Item 4B of the agreement or when either of the following occurs:

1. Center Street is constructed to its ultimate planned width by the County or by an assessment district.
2. Frontage improvements are constructed adjacent to the subject property.

It is the intent at this time that the "pro rata basis" of costs, as specified in Item 4B of the agreement, shall mean that the owners of each parcel shall pay equal share of the costs.



Contra
Costa
County

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: APPROVE the Parcel Map and Subdivision Agreement for minor subdivision MS13-00007, Walnut Creek area.

RECOMMENDATION(S):

ADOPT Resolution No. 2016/483 approving the Parcel Map and Subdivision Agreement for minor subdivision MS13-00007, for a project being developed by Ronald L. Carter c/o of DirtBrokers, Inc., as recommended by the Public Works Director, Walnut Creek area.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

The Public Works Department has reviewed the conditions of approval for minor subdivision MS13-00007 and has determined that all conditions of approval for map approval have been satisfied.

CONSEQUENCE OF NEGATIVE ACTION:

The Parcel Map and the Subdivision Agreement will not be approved and recorded.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jocelyn LaRocque,
925-313-2315

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Sherri Reed

ATTACHMENTS

Resolution No.

2016/483

Subdivision Agreement

Improvement Board

Reduced Parcel Map

Tax Letter

Recorded at the request of: Jocelyn LaRocque

Return To: Jocelyn LaRocque

**THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board**

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐

NO: ☐

ABSENT: ☐

ABSTAIN: ☐

RECUSE: ☐

Resolution No. 2016/483

IN THE MATTER OF approving the Parcel Map and Subdivision Agreement for minor subdivision MS13-00007, for a project being developed by Ronald L. Carter, as recommended by the Public Works Director, Walnut Creek area. (District IV)

WHERE AS, the following documents were presented for board approval this date:

1. Map

The Parcel Map of minor subdivision MS13-00007, property located in the Walnut Creek area, Supervisorial District IV, said map having been certified by the proper officials.

2. Subdivision Agreement

A subdivision agreement with Ronald L. Carter, principal, whereby said principal agrees to complete all improvements as required in said subdivision agreement within two (2) years from the date of said agreement.

Accompanying said subdivision agreement is security guaranteeing completion of said improvements as follows:

A. Cash Bond

Performance amount: \$1,000.00

Auditor's Deposit Permit No. DP715324 Date: July 14, 2016

Submitted by: Ronald L. Carter

B. Surety Bond

Bond Company: Indemnity Company of California

Bond Number: 705018S Date: July 7, 2016

Performance Amount: \$32,000.00

Labor & Materials Amount: \$16,500.00

Principal: Ronald L. Carter

3. Tax Letter

Letter from the County Tax Collector stating that there are no unpaid County taxes heretofore levied on the property included in said map and that the 2015-2016 tax lien has been paid in full and the 2016-2017 tax lien, which became a lien on the first day of January 2016, is estimated to be \$5,085.00, with security guaranteeing payment of said tax lien as follows:

A. Tax Surety

Auditor's Deposit Permit Number: DP715311 Date: July 14, 2016

Amount: \$5,085.00

Submitted by/Principal: Ronald L. Carter

NOW, THEREFORE, BE IT RESOLVED:

1. That said subdivision, together with the provisions for its design and improvement, is DETERMINED to be consistent with the County's general and specific plans.
2. That said map is APPROVED and this Board does hereby accept subject to installation and acceptance of improvements on behalf of the public any of the streets, paths, or easements shown thereon as dedicated to public use.
3. That said subdivision agreement is also APPROVED.

Contact: Jocelyn LaRocque, 925-313-2315

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Sherri Reed

SUBDIVISION AGREEMENT
(Gov. Code, §§ 66462 and 66463)

Subdivision: MS13-0007

Effective Date: _____

Subdivider: ~~RON CARTER~~ RONALD L. CARTER

Completion Period: Two (2) years

THESE SIGNATURES ATTEST TO THE PARTIES' AGREEMENT HERETO:

CONTRA COSTA COUNTY

Julia R. Bueren, Public Works Director

By: _____

SUBDIVIDER

~~RON CARTER~~

Print Name _____

Print Title _____

RECOMMENDED FOR APPROVAL:

By: _____

Engineering Services Division

Print Name: _____

Print Title: _____

FORM APPROVED: Silvano B. Marchesi, County Counsel

[Note: If Subdivider is a corporation, two officers must sign. The first must be the chairman of the board, president or any vice president; the second must be the secretary, assistant secretary, chief financial officer or any assistant treasurer. (Corp. Code, § 313; Civ. Code, § 1190.) If Subdivider is a limited liability company, Subdivider shall sign in the manner required of corporations, or by two managers, or by one manager, pursuant to the articles of organization (see Corp. Code, §§ 17151, 17154, 17157.) If Subdivider is a partnership, any authorized partner may sign. Signatures by Subdivider must be notarized.]

1. PARTIES & DATE. Effective on the above date, the County of Contra Costa, California (hereinafter "County"), and the above-mentioned Subdivider mutually promise and agree as follows concerning this Subdivision:

2. IMPROVEMENTS. Subdivider agrees to install certain road improvements (both public and private), drainage improvements, signs, street lights, fire hydrants, landscaping and such other improvements (including appurtenant equipment) as required in the improvement plans for this Subdivision as reviewed and on file with the Contra Costa County Public Works Department, as required by the Conditions of Approval for this Subdivision, and in conformance with the Contra Costa County Ordinance Code, including future amendments thereto (hereinafter "Ordinance Code").

Subdivider shall complete said improvements (hereinafter "Work") within the above completion period from date hereof, as required by the California Subdivision Map Act (Gov. Code, §§ 66410 et. seq.) in a good workmanlike manner, in accordance with accepted construction practices and in a manner equal or superior to the requirements of the Ordinance Code and rulings made thereunder; and where there is a conflict among the improvement plans, the Conditions of Approval and the Ordinance Code, the stricter requirements shall govern.

3. IMPROVEMENTS SECURITY. Upon executing this Agreement, the Subdivider shall, pursuant to Gov. Code § 66499 and the County Ordinance Code, provide as security to the County:

A. For Performance and Guarantee: \$ 1,000.00 cash, plus additional security, in the amount of \$ 32,000.00, which together total one hundred percent (100%) of the estimated cost of the Work. Such additional security is presented in the form of:

_____ Cash, certified check or cashier's check.
X _____ Acceptable corporate surety bond.
_____ Acceptable irrevocable letter of credit.

With this security, Subdivider guarantees performance under this Agreement and maintenance of the Work for one year after its completion and acceptance against any defective workmanship or materials or any unsatisfactory performance.

B. For Payment: Security in the amount: \$ 16,500.00, which is fifty percent (50%) of the estimated cost of the Work. Such security is presented in the form of:

_____ Cash, certified check, or cashier's check
X _____ Acceptable corporate surety bond.
_____ Acceptable irrevocable letter of credit.

With this security, Subdivider guarantees payment to the contractor, to its subcontractors and to persons renting equipment or furnishing labor or materials to them or to the Subdivider.

Upon acceptance of the Work as complete by the Board of Supervisors and upon request of Subdivider, the amounts held as security may be reduced in accordance with Sections 94-4.406 and 94-4.408 of the Ordinance Code.

Form Approved by County Counsel
[Rev. 8/08]

4. GUARANTEE AND WARRANTY OF WORK. Subdivider guarantees that the Work shall be free from defects in material or workmanship and shall perform satisfactorily for a period of one (1) year from and after the Board of Supervisors accepts the Work as complete in accordance with Article 96-4.6, "Acceptance," of the Ordinance Code. Subdivider agrees to correct, repair, or replace, at Subdivider's expense, any defects in said Work.

The guarantee period does not apply to road improvements for private roads that are not to be accepted into the County road system.

5. PLANT ESTABLISHMENT WORK. Subdivider agrees to perform plant establishment work for landscaping installed under this Agreement. Said plant establishment work shall consist of adequately watering plants, replacing unsuitable plants, doing weed, rodent and other pest control and other work determined by the Public Works Department to be necessary to ensure establishment of plants. Said plant establishment work shall be performed for a period of one (1) year from and after the Board of Supervisors accepts the Work as complete.

6. IMPROVEMENT PLAN WARRANTY. Subdivider warrants the improvement plans for the Work are adequate to accomplish the Work as promised in Section 2 and as required by the Conditions of Approval for the Subdivision. If, at any time before the Board of Supervisors accepts the Work as complete or during the one year guarantee period, said improvement plans prove to be inadequate in any respect, Subdivider shall make whatever changes are necessary to accomplish the Work as promised.

7. NO WAIVER BY COUNTY. Inspection of the Work and/or materials, or approval of the Work and/or materials or statement by any officer, agent or employee of the County indicating the Work or any part thereof complies with the requirements of this Agreement, or acceptance of the whole or any part of said Work and/or materials, or payments therefor, or any combination or all of these acts, shall not relieve the Subdivider of its obligation to fulfill this Agreement as prescribed; nor shall the County be thereby stopped from bringing any action for damages arising from the failure to comply with any of the terms and conditions hereof.

8. INDEMNITY. Subdivider shall defend, hold harmless and indemnify the indemnitees from the liabilities as defined in this section:

A. The indemnitees benefitted and protected by this promise are the County and its special districts, elective and appointive boards, commissions, officers, agents and employees.

B. The liabilities protected against are any liability or claim for damage of any kind allegedly suffered, incurred or threatened because of actions defined below, and including personal injury, death, property damage, inverse condemnation, or any combination of these, and regardless of whether or not such liability, claim or damage was unforeseeable at any time before County reviewed said improvement plans or accepted the Work as complete, and including the defense of any suit(s), action(s), or other proceeding(s) concerning said liabilities and claims.

C. The actions causing liability are any act or omission (negligent or non-negligent) in connection with the matters covered by this Agreement and attributable to Subdivider, contractor, subcontractor, or any officer, agent, or employee of one or more of them.

D. Non-Conditions. The promise and agreement in this section are not conditioned or dependent on whether or not any indemnitee has prepared, supplied, or approved any plan(s) or specification(s) in connection with this Work or Subdivision, or has insurance or other indemnification covering any of these matters, or that the alleged damage resulted partly from any negligent or willful misconduct of any indemnitee.

9. COSTS. Subdivider shall pay, when due, all the costs of the Work, including but not limited to the costs of relocations of existing utilities required thereby; inspections; material checks and tests; and other costs incurred by County staff arising from or related to the Work, and prior to acceptance of the Work as complete or expiration of any applicable warranty periods, whichever is later.

10. SURVEYS. Subdivider shall set and establish survey monuments in accordance with the filed map and to the satisfaction of the County Road Commissioner-Surveyor before acceptance of the Work as complete by the Board of Supervisors.

11. NON-PERFORMANCE AND COSTS. If Subdivider fails to complete the Work within the time specified in this Agreement, and subsequent extensions, or fails to maintain the Work, County may proceed to complete and/or maintain the Work by contract or otherwise and Subdivider agrees to pay all costs and charges incurred by County (including, but not limited to, engineering, inspection, surveys, contract, overhead, etc.) immediately upon demand.

Once action is taken by County to complete or maintain the Work, Subdivider agrees to pay all costs incurred by County, even if Subdivider subsequently completes the Work.

Should County sue to compel performance under this Agreement or to recover costs incurred in completing or maintaining the Work, Subdivider agrees to pay all attorney's fees, staff costs and all other expenses of litigation incurred by County in connection therewith, even if Subdivider subsequently proceeds to complete the Work.

12. INCORPORATION/ANNEXATION. If, before the Board of Supervisors accepts the Work as complete, the Subdivision is included in territory incorporated as a city or is annexed to an existing city, except as provided in this paragraph, County's rights under this Agreement and/or any deposit, bond, or letter of credit securing said rights shall be transferred to the new or annexing city. Such city shall have all the rights of a third party beneficiary against Subdivider, who shall fulfill all the terms of this Agreement as though Subdivider had contracted with the city originally. The provisions of paragraph 8 (Indemnity) shall continue to apply in favor of the indemnitees listed in paragraph 8.A. upon any such incorporation or annexation.

13. RECORD MAP. In consideration hereof, County shall allow Subdivider to file and record the final map or parcel map for said Subdivision.

14. RIGHT OF ENTRY. Subdivider hereby consents to entry onto the Subdivision property, and onto any other property over which Subdivider has land rights and upon which any portion of the Work is to be installed pursuant to the improvement plans, by County and its forces, including contractors, for the purpose of inspection, and, in the event of non-performance of this Agreement by Subdivider, completion and/or maintenance of the Work.

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
County of Contra Costa

On the July 07, 2016 before me, J. Quigley a Notary Public, personally appeared Ronald L. Carter, 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.

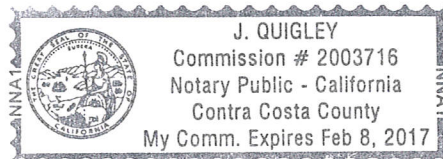
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Name: J. Quigley
(Typed or Printed)

(Seal)



Subdivision: MS13-0007
Bond No.: 705018S
Premium: \$960.00 FOR 2 YEARS
Any claim under this Bond should be sent
to the following address:
INDEMNITY COMPANY OF CALIFORNIA
P.O. BOX 19725
IRVINE, CA 92623

**IMPROVEMENT SECURITY BOND
FOR SUBDIVISION AGREEMENT**
(Performance, Guarantee and Payment)
(Gov. Code, §§ 66499-66499.10)

1. **RECITAL OF SUBDIVISION AGREEMENT.** The Principal has executed an agreement with the County of Contra Costa (hereinafter "County") to install and pay for street, drainage and other improvements in Subdivision 13-0007 as specified in the Subdivision Agreement, and to complete said work within the time specified for completion in the Subdivision Agreement, all in accordance with State and local laws and rulings thereunder in order to satisfy conditions for filing of the Final Map or Parcel Map for said subdivision. Under the terms of the Subdivision Agreement, Principal is required to furnish a bond to secure the faithful performance of the Subdivision Agreement and payment to laborers and materialmen.

2. **OBLIGATION.** RON CARTER, as Principal,
and INDEMNITY COMPANY OF CALIFORNIA, a corporation organized and existing
under the laws of the State of CALIFORNIA and authorized to transact surety business in California, as Surety, hereby jointly and
severally bind ourselves, our heirs, executors, administrators, successors and assigns to the County of Contra Costa, California to pay it:

(A. Performance and Guarantee) THIRTY-TWO THOUSAND AND 00/100 Dollars
(\$ 32,000.00) for itself or any city assignee under the above Subdivision Agreement.

(B. Payment) SIXTEEN THOUSAND FIVE HUNDRED AND 00/100 Dollars
(\$ 16,500.00) to secure the claims to which reference is made in Title XV (commencing with Section 3082) of Part 4 of Division III of the Civil Code of the
State of California.

3. **CONDITION.** This obligation is subject to the following condition.

A. The condition of this obligation as to Section 2.(A) above is such that if the above bounded Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the County of Contra Costa (or city assignee), its officers, agents and employees, as therein stipulated, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the County of Contra Costa (or city assignee) in successfully enforcing such obligation, and to be taxed as costs and included in any judgment rendered.

B. The condition of this obligation, as to Section 2.(B) above, is such that said Principal and the undersigned as corporate surety are held firmly bound unto the County of Contra Costa and all contractors, subcontractors, laborers, materialmen and other persons employed in the performance of the aforesaid Subdivision Agreement and referred to in the aforesaid Civil Code for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, and that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the County of Contra Costa (or city assignee) in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

C. No change, extension of time, alteration, or addition to the terms of said Subdivision Agreement or the work to be performed thereunder or any plan or specifications of said work, agreed to by the Principal and the County of Contra Costa (or city assignee) shall relieve any Surety from liability on this bond; and consent is hereby given to make such change, extension of time, alteration or addition without further notice to or consent by Surety; and Surety hereby waives the provisions of Civil Code Section 2819 and holds itself bound without regard to and independently of any action against the Principal whenever taken.

SIGNED AND SEALED on JULY 7, 20 16.

Principal RON CARTER

Address: _____

Zip: _____

By: 

Print Name: RON CARTER

Title: DEVELOPER

Surety: INDEMNITY COMPANY OF CALIFORNIA

Address: P.O. BOX 19725

IRVINE, CA Zip: 92623

By: 

Print Name: SANDY BLACK

Title: ATTORNEY-IN-FACT

(Note: All signatures must be acknowledged. For corporations, two officers must sign. The first signature must be that of the chairman of the board, president, or vice-president, the second signature must be that of the secretary, assistant secretary, chief financial officer, or assistant treasurer. (Civ. Code, § 1190 and Corps. Code, § 313.))

Form Approved by County Counsel
(Rev. 1/06)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

County of Sacramento }

On 7/7/2016 before me, Sokha Evans, Notary Public,
Date Insert Name of Notary exactly as it appears on the official seal

personally appeared Sandy Black

Name(s) of Signer(s)



Place Notary Seal Above

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

Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner ☐ Limited ☐ General
☒ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

Signer is Representing:
Indemnity Company of
California/Developer's Surety
and Indemnity Company

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

Signer is Representing:

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
County of Contra Costa

On the July 15, 2016 before me, J. Quigley a Notary Public, personally appeared Ron Carter, 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.

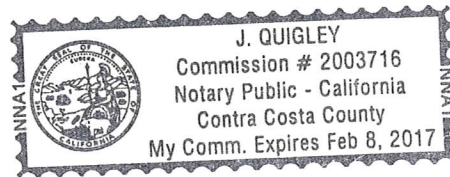
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Name: J. Quigley
(Typed or Printed)

(Seal)



POWER OF ATTORNEY FOR
DEVELOPERS SURETY AND INDEMNITY COMPANY
INDEMNITY COMPANY OF CALIFORNIA
PO Box 19725, IRVINE, CA 92623 (949) 263-3300

KNOW ALL BY THESE PRESENTS that except as expressly limited, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, do each hereby make, constitute and appoint:

Erin Johnson, Kevin J. Valine, Sandy Black, Sharon J. Rusconi, R.W. Reynolds, jointly or severally

as their true and lawful Attorney(s)-in-Fact, to make, execute, deliver and acknowledge, for and on behalf of said corporations, as sureties, bonds, undertakings and contracts of suretyship giving and granting unto said Attorney(s)-in-Fact full power and authority to do and to perform every act necessary, requisite or proper to be done in connection therewith as each of said corporations could do, but reserving to each of said corporations full power of substitution and revocation, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This Power of Attorney is granted and is signed by facsimile under and by authority of the following resolutions adopted by the respective Boards of Directors of DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, effective as of January 1st, 2008.

RESOLVED, that a combination of any two of the Chairman of the Board, the President, Executive Vice-President, Senior Vice-President or any Vice President of the corporations be, and that each of them hereby is, authorized to execute this Power of Attorney, qualifying the attorney(s) named in the Power of Attorney to execute, on behalf of the corporations, bonds, undertakings and contracts of suretyship; and that the Secretary or any Assistant Secretary of either of the corporations be, and each of them hereby is, authorized to attest the execution of any such Power of Attorney;

RESOLVED, FURTHER, that the signatures of such officers may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures shall be valid and binding upon the corporations when so affixed and in the future with respect to any bond, undertaking or contract of suretyship to which it is attached.

IN WITNESS WHEREOF, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA have severally caused these presents to be signed by their respective officers and attested by their respective Secretary or Assistant Secretary this January 29, 2015.

By: Daniel Young
Daniel Young, Senior Vice-President

By: Mark Lansdon
Mark Lansdon, Vice-President



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
County of Orange

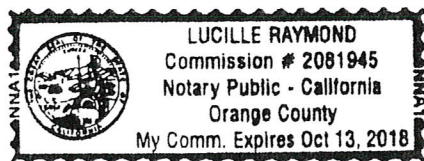
On January 29, 2015 before me, Lucille Raymond, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Daniel Young and Mark Lansdon
Name(s) of Signer(s)

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 Lucille Raymond
Lucille Raymond, Notary Public



Place Notary Seal Above

CERTIFICATE

The undersigned, as Secretary or Assistant Secretary of DEVELOPERS SURETY AND INDEMNITY COMPANY or INDEMNITY COMPANY OF CALIFORNIA, does hereby certify that the foregoing Power of Attorney remains in full force and has not been revoked and, furthermore, that the provisions of the resolutions of the respective Boards of Directors of said corporations set forth in the Power of Attorney are in force as of the date of this Certificate.

This Certificate is executed in the City of Irvine, California, this

7 day of July 2016.

By: Cassie J. Berrisford
Cassie J. Berrisford, Assistant Secretary

I, THE UNDERSIGNED, BEING THE ONLY PARTY HAVING A RECORD TITLE INTEREST IN THE LANDS DELINEATED AND EMBRACED WITHIN THE HEAVY BLACK LINES UPON THIS MAP, DO HEREBY CONSENT TO THE PREPARATION AND FILING OF THIS MAP.

[illegible]

CC. CC.

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATION 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
COUNTY OF Contra Costa
ON 7/7/16, BEFORE ME, J. Dugley, Notary Public
DATE
HERE INSERT NAME AND TITLE OF THE OFFICER

PERSONALLY APPEARED BRIAN L. ALLEN WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) [NAME] IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/HETHEM 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.

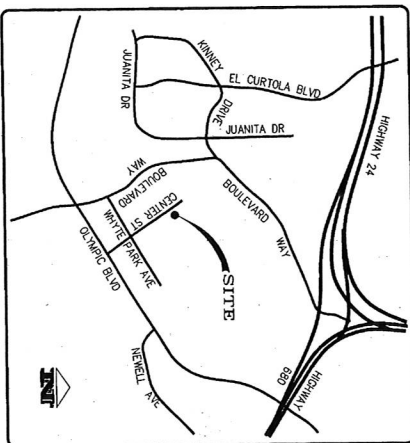
I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT

SIGNATURE: [Signature]
PRINT NAME: V. Perez
MY COMMISSION NUMBER: 2003716
MY COMMISSION EXPIRES: 2-8-17
PRINCIPAL COUNTRY OF BUSINESS: Costa Rica

SUBDIVISION MS 13-0007

BEING A RESUBDIVISION OF LOT 8, BLOCK E
MAP OF DEWING PARK EXTENSION (15 M 314)
OFFICIAL RECORDS OF CONTRA COSTA COUNTY

MAY 2016



THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF STEVEN KELLEY IN AUGUST 2013. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP, IF ANY.

I FURTHER STATE THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT ALL MONUMENTS ARE OF THE CHARACTER SHOWN AND OCCUPY THE POSITIONS SHOWN ON THE PARCEL MAP AND THE MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED

ERIC (RICK) A. HUMANN



STATE OF CALIFORNIA,
COUNTY OF CONTRA COSTA

1. DAVID TAYLOR, CLERK OF THE BOARD OF SUPERVISORS AND COUNTY ADMINISTRATOR OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ADMITS THAT HE, TAYLOR, HAS BEEN INFORMED BY THE BOARD OF SUPERVISORS THAT HE, TAYLOR, IS NOT TO BE AWARE OF THE FACTS OF THE ABOVE AND FOREGOING MAP ENTITLED TO HEREBY CERTIFY THAT THE ABOVE AND FOREGOING MAP ENTITLED TO "SUBDIVISION HAS 13-0007" WAS PRESENTED TO SAID BOARD OF SUPERVISORS, AS PROVIDED BY LAW, AT A REGULAR MEETING THEREOF HELD ON THE DAY OF _____, 2011, AND THAT SAID BOARD OF SUPERVISORS DID THEREUPON BY RESOLUTION DULY PASSED AND ADOPTED, APPROVE SAID MAP AND DID RELECT ON BEING AWARE OF SAID MEETING, APPROVE SAID MAP AND DID RELECT ON BEING AWARE OF PUBLIC ALL OF THE STREETS, ROADS, AVENUES OR EASEMENTS THEREON AS DEDICATED TO PUBLIC USE.

I, FURTHER CERTIFY THAT ALL TAX LIENS HAVE BEEN SATISFIED AND THAT ALL BONDS AS REQUIRED BY LAW TO ACCOMPANY THE WITHIN MAP HAVE BEEN APPROVED BY THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, AND
FILED IN MY OFFICE.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND THIS _____ DAY OF _____, 20____.

DAVID TWA
CLERK OF THE BOARD OF SUPERVISORS
OF CONTRA COSTA COUNTY

BY: _____
DEPUTY CLERK

THIS MAP WAS EXAMINED BY ME AND IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP, AND ANY APPROVED ALTERATIONS THEREOF. ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND OF ANY OTHER LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH. I AM SATISFIED THAT THE MAP IS TECHNICALLY CORRECT.

JAMES A STEIN

COUNTY SURVEYOR, PLS 657
CONTRA COSTA COUNTY

BY: _____ DATE: _____

THIS MAP IS BEING FILED AT THE REQUEST OF OLD REPUBLIC TITLE COMPANY

FILED AT _____ M. ON THE _____ DAY OF _____ 2016,
BOOK _____ OF PARCEL MAPS AT PAGES _____ IN THE _____
OFFICE OF CONTRA COSTA COUNTY RECORDER, STATE OF CALIFORNIA.

BY: DEPUTY COUNTY RECORDER

LEGEND

- FOUND IRON PIPE MONUMENT AS NOTED
- SET 5/8" REBAR TAGGED LS 5452
- (T) TOTAL
- (R) RADIAL
- () DATA PER REFERENCE MAP
- PSDE PRIVATE STORM DRAIN EASEMENT
- EASEMENT LINE
- STREET RIGHT-OF-WAY LINE
- SUBDIVISION BOUNDARY
- LOT LINE
- TIE

REFERENCE MAPS:

- (1) DEWING PARK EXTENSION (15 M 314)
- (2) RECORD OF SURVEY (83 LSM 46)
- (3) RECORD OF SURVEY (49 LSM 9)
- (4) RECORD OF SURVEY (24 LSM 11)
- (5) SUBDIVISION 5635 (251 M 18)

BASIS OF BEARINGS

ALL BEARINGS ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM, ZONE 11. THE BEARING OF N37°29'42"W BETWEEN FOUND IRON PIPE MONUMENTS ALONG THE SOUTHWESTERLY RIGHT-OF-WAY OF CENTER STREET AS SHOWN ON THE MAP OF SUBDIVISION 5635, FILED IN BOOK 251 OF MAPS, AT PAGE 18, CONTRA COSTA COUNTY RECORDS, WAS USED AS THE BASIS OF BEARINGS FOR THIS MAP.

PARCEL MAP

SUBDIVISION MS 13-0007

BEING A RESUBDIVISION OF LOT 8, BLOCK E

MAP OF DEWING PARK EXTENSION (15 M 314)

OFFICIAL RECORDS OF CONTRA COSTA COUNTY

CONTRA COSTA COUNTY CALIFORNIA

MAY 2016

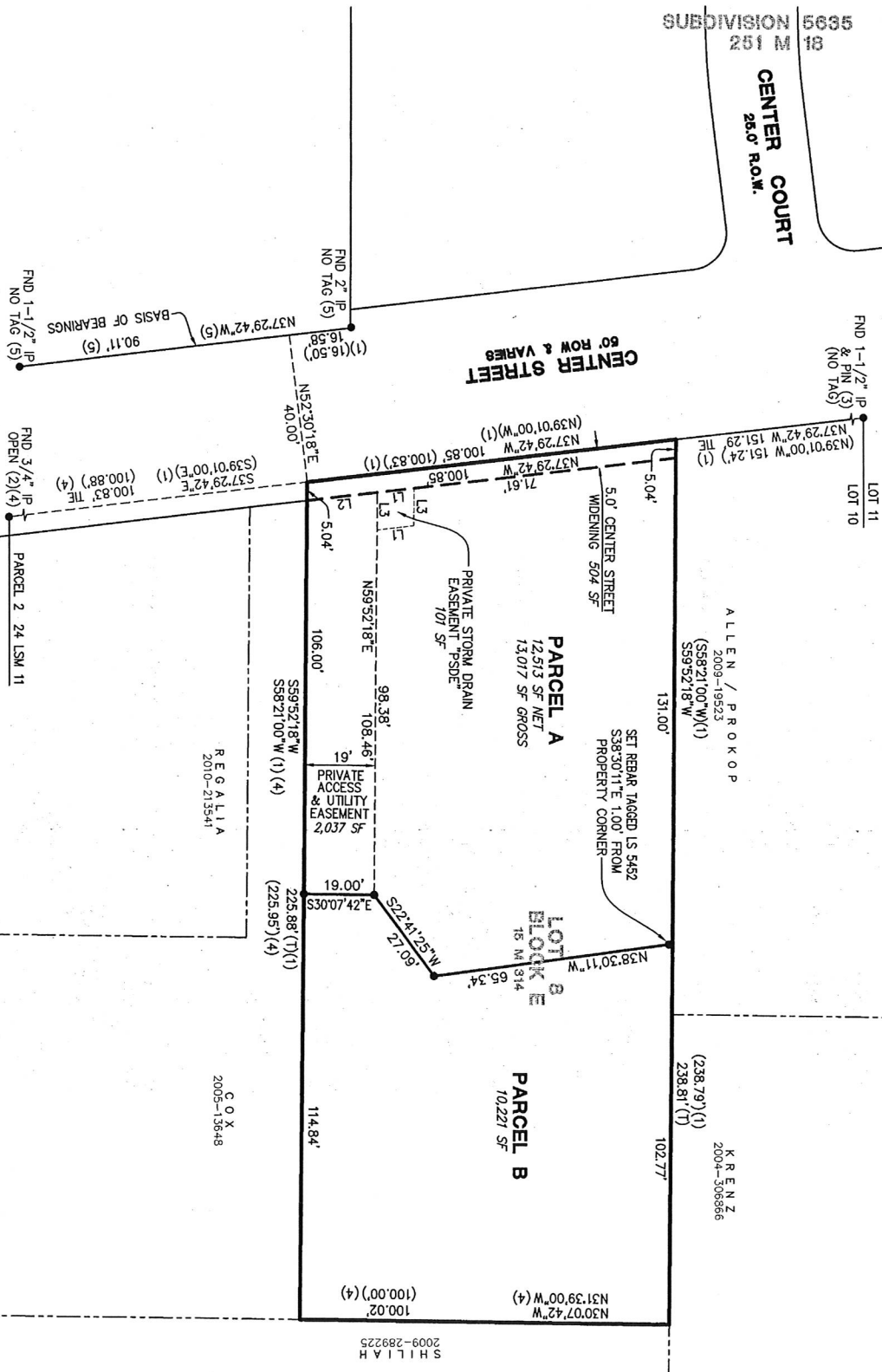


SUBDIVISION 5635

251 M 18

CENTER COURT
26.0' R.O.W.

CENTER STREET
60' ROW & VARIES



(IN FEET)
1 inch = 20 ft.



LINE NO.	BEARING	DISTANCE
L1	N37°29'42"W	10.08
L2	N37°29'42"W	19.16
L3	N59°52'18"E	10.08

8/26/16

Old Republic

\$47.00

Tax Collector's Office

625 Court Street
Finance Building, Room 100
P. O. Box 631
Martinez, California 94553-0063
(925) 957-5280
(925) 957-2898 (FAX)

**Contra
Costa
County**



Date: 7/12/2016

Russell V. Watts
County Treasurer-Tax Collector

Brice B. Bins
Chief Deputy Treasurer-Tax Collector

Corrie Gideon
Tax Operations Supervisor

IF THIS TRACT IS NOT FILED PRIOR TO THE DATE TAXES ARE OPEN FOR COLLECTION (R&T CODE 2608) **THIS LETTER IS VOID.**

This will certify that I have examined the map of the proposed subdivision entitled:

<u>Tract / MS #</u>	<u>City</u>	<u>T.R.A.</u>
13-0007	CONCORD	98002
Parcel #:	184-140-024-3	

and have determined from the official tax records that there are no unpaid County taxes heretofore levied on the property included in the map.

The 2015-2016 tax lien has been paid in full. Our estimate of the 2016-2017 tax lien, which became a Lien on the 1st day of January, 2016 is :

\$5,085.00

This tract is not subject to a 1915 Act Bond.

The amount calculated is void 45 days from the date of this letter, unless this letter is accompanied with security approved by the Contra Costa County Tax Collector
Subdivision bond must be presented to the County Tax Collector for review and approval of adequacy of security prior to filing with the Clerk of the Board of Supervisors.

RUSSEL V. WATTS
Treasurer-Tax Collector

By: Danielle L. Jordan

Tax Letter

COUNTY OF CONTRA COSTA

ELECTRONIC DEPOSIT PERMIT OFFICE OF COUNTY AUDITOR-CONTROLLER MARTINEZ, CALIFORNIA

DEPARTMENT NAME
TREASURER-TAX COLLECTOR

FISCAL YEAR
2016 - 2017

ORGANIZATION NUMBER 15

DESCRIPTION OF DEPOSIT	FUND/ORG NO.	SUB ACCT	TASK	OPT	ACTIVITY	AMOUNT	TOTAL
------------------------	--------------	----------	------	-----	----------	--------	-------

SUBDIVISION GUARANTEE tax collector special - subdivision guarantee	831400	0803				\$5,085.00	\$5,085.00
--	--------	------	--	--	--	------------	------------

TOTAL DEPOSIT: **\$5,085.00**

GENERAL DEPOSIT NOTES:

SITE OF DEPOSIT: BANK **ACCOUNT DEPOSITED:** Wells Fargo Bank - Tax Collector

CASH: \$0.00 **CHECKS:** \$0.00 **BANK DEPOSIT:** \$5,085.00

Bank Receipt: LO **Date:** 07/14/2016 **NOTES:** SUB-DIVISION GUARANTEE - TRACT 13-007

SECTION 26901 GOVERNMENT CODE
I HEREBY SWEAR THAT THIS IS A
TRUE AND CORRECT RECORD OF THE TOTAL
AMOUNT OF MONEY AS DESCRIBED ABOVE
FOR DEPOSIT INTO THE COUNTY TREASURY

THE A-C OF CCC, HEREBY CERTIFIES
THAT THE AMOUNT DUE THE TREASURER
OF SAID COUNTY FOR MONIES COLLECTED
BY **TREASURER-TAX COLLECTOR**
-WELLS FARGO BANK - TAX COLLECTOR
IN SETTLEMENT OF THE ABOVE DESCRIBED
ACCOUNTS IS THE SUM OF **\$5,085.00**

RECEIPT OF ABOVE AMOUNT
IS HEREBY ACKNOWLEDGED.

Jul 14, 2016 08:31:16AM

NOT PROCESSED

NOT PROCESSED

leodegario olazo
USER VALIDATION

NOT SIGNED
AUDITOR'S VALIDATION

NOT SIGNED
TTC VALIDATION

USER PHONE NO.

9259572837

USER NAME
leodegario olazo

SUBMIT DATE
Jul 14, 2016 08:31:16AM

EDP NO
DP715311



Contra
Costa
County

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Fully close a portion of Arlington Ave. between Arlington Court and Westminster Ave. for the purpose of tree trimming, Kensington Area.

RECOMMENDATION(S):

ADOPT Resolution No. 2016/485 approving and authorizing the Public Works Director, or designee, to fully close a portion of Arlington Avenue between Arlington Court and Westminster Avenue, on August 15, 2016 and August 16, 2016 from 7:00 a.m. to 5:00 p.m., for the purpose of tree trimming in road right of way, Kensington area. (District I)

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

Applicant shall follow guidelines set forth by the Public Works Department.

CONSEQUENCE OF NEGATIVE ACTION:

Applicant will be unable to close the road for planned activities.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Bob Hendry, (925)
674-7744

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

ATTACHMENTS

Resolution No.

2016/485

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/485

IN THE MATTER OF approving and authorizing the Public Works Director, or designee, to fully close a portion of Arlington Avenue between Arlington Court and Westminster Avenue, on August 15, 2016 and August 16, 2016 from 7:00 a.m. to 5:00 p.m., for the purpose of tree trimming in road right of way, Kensington area. (District I)

RC16-6

NOW, THEREFORE, BE IT RESOLVED that permission is granted to TPR Traffic Solutions to fully close Arlington Avenue between Arlington Court and Westminster Avenue, except for emergency traffic, on August 15, 2016 and August 16, 2016 for the period of 7:00 a.m. to 5:00 p.m., subject to the following conditions:

1. Traffic will be detoured via neighboring streets per traffic control plan reviewed by Public Works.
2. All signing to be in accordance with the California Manual on Uniform Traffic Control Devices.
3. TPR Traffic Solutions shall comply with the requirements of the Ordinance Code of Contra Costa County.
4. Provide the County with a Certificate of Insurance in the amount of \$1,000,000.00 for Comprehensive General Public Liability which names the County as an additional insured prior to permit issuance.
5. Obtain approval for the closure from the Sheriff's Department, the California Highway Patrol and the Fire District.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Bob Hendry, (925) 674-7744

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors

From: Julia R. Bueren, Public Works Director/Chief Engineer

Date: August 9, 2016

Subject: Fully close a portion of 2nd Street between Parker Ave. and John St. for the purpose of Stop the Violence/Back to School block party, Rodeo area.

RECOMMENDATION(S):

ADOPT Resolution No. 2016/491 approving and authorizing the Public Works Director, or designee, to fully close a portion of 2nd Street between Parker Avenue and John Street, on August 13, 2016 from 9:00 a.m. to 6:00 p.m., for the purpose of Stop the Violence/Back to School block party, Rodeo area. (District V)

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

Applicant shall follow guidelines set forth by the Public Works Department.

CONSEQUENCE OF NEGATIVE ACTION:

Applicant will be unable to close the road for planned activities.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Bob Hendry, (925)
674-7744

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

ATTACHMENTS

Resolution No.
2016/491

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/491

IN THE MATTER OF approving and authorizing the Public Works Director, or designee, to fully close a portion of 2nd Street between Parker Avenue and John Street, on August 13, 2016 from 9:00 a.m. through 6:00 p.m., for the purpose of Stop the Violence/Back to School block party, Rodeo area. (District V)

RC16-7

IT IS BY THE BOARD RESOLVED that permission is granted to New Horizons Career Development Center to fully close 2nd Street between Parker Avenue and John Street, except for emergency traffic, on August 13, 2016 for the period of 9:00 a.m. through 6:00 p.m., subject to the following conditions:

1. Traffic will be detoured via neighboring streets per traffic control plan reviewed by Public Works.
2. All signing to be in accordance with the California Manual on Uniform Traffic Control Devices.
3. New Horizons Career Development Center shall comply with the requirements of the Ordinance Code of Contra Costa County.
4. Provide the County with a Certificate of Insurance in the amount of \$1,000,000.00 for Comprehensive General Public Liability which names the County as an additional insured prior to permit issuance.
5. Obtain approval for the closure from the Sheriff's Department, the California Highway Patrol and the Fire District.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Bob Hendry, (925) 674-7744

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Waive \$125 rental fee and \$100 deposit for the use of the Rodeo Senior Center by New Horizons for a Block Party for the Rodeo Community, Rodeo area.

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Public Works Director, or designee, to waive the \$125 rental fee and \$100 deposit for the use of the Rodeo Senior Center by New Horizons Career Development Center on August 13, 2016 from 9:00 a.m. to 5:00 p.m. for the 2016 Annual Community Block Party, Rodeo area. (District V)

FISCAL IMPACT:

100% General Fund.

BACKGROUND:

New Horizons Career Development Center requests a waiver of the \$125 rental fee and \$100 deposit to use the Rodeo Senior Center for the 2016 Annual Community Block Party. The rental period requested is from 9:00 a.m. to 5:00 p.m. on August 13, 2016. This annual event is organized and sponsored by the New Horizons Career Development Center. The requested date does not conflict with other community programs that take place regularly at the Rodeo Senior Center. This annual block party serves Rodeo families by providing back-to-school supplies, food and games.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jason Chen, (925)
313-2299

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

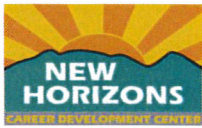
If this request for a fee waiver is not approved, the use of the Rodeo Senior Center would not be funded via the General Fund. New Horizons Career Development Center would be responsible for paying the \$125 rental fee and \$100 deposit for use of the Rodeo Senior Center on August 13, 2016.

ATTACHMENTS

Fee Waiver Request

Facility application for Use

2016 Flyer



NEW HORIZONS CAREER DEVELOPMENT CENTER INC.

DR. ANTHONY A. K. HODGE, Executive Director

199 Parker Avenue., Rodeo, CA 94572 • Ph. (510) 799-2916

www.newhorizonscdc.com

7/8/2016

To whom it may concern:

As we have approached a New Year, we want to thank those who have contributed to our success. Last year, New Horizons CDC 2015 Block Party turned out to be extremely successful and has created an opportunity for everyone to come together and dine while enjoying all the festivities offered.

BOARD OF DIRECTORS

CHAIR
ART HATCHETT

VICE CHAIR
BOBBIE HUNTLEY

SECRETARY
AIMEE LOHR

MEMBER
ANTHONY HODGE

MEMBER
VACANT

MEMBER
VACANT

This endeavor would not have been possible without the willing help and support of reliable and generous partners.

New Horizons CDC has been committed to being a viable partner in the community by helping out those who meet the guidelines for low and very low income levels. We provide resources that will allow them the opportunity to become employable and to enhance their education levels etc. These resources include and are not limited to the following; computer and resume workshops, life skills attainment classes and more.

We are currently in the process of planning for the upcoming 2016 block party celebration to be held on Saturday, August 13, 2016 from 10:00am to 5:00pm. We have in the past reserved the Senior Center for the annual event located at 189 Parker Avenue in Rodeo. We are requesting a fee waiver to utilize the facility for public use.

The Block Party will be a day of fun and unity for our community so as we will have games, face painting, delicious food, jumpers, etc. Different organizations from Contra Costa County will be attending to provide various resources to individuals and families in the area all free of cost!

Thanks in advance for your consideration of our request. Your ongoing support is greatly appreciated.

Should you have any questions or need additional information, please do not hesitate to let me know.

Sincerely,

LaTasha Chillous

APPLICATION FOR USE

Rodeo Senior Center
189 Parker Avenue, Rodeo, CA 94572

Renter Information

Organization/Individual Name

New Horizons CDC.

Designated person in charge
(Person in charge must attend event)

Street

189 / 199 Parker Avenue

City/State/Zip

Rodeo, CA 94572

Phone 510-799-2916

Alt. Phone

415-724-7931

Fax

510-799-7816

Email address

lchillous@newhorizonscdc.com

Event Information

Date Requested

August 13, 2016

Time Requested

9am to 5pm

Briefly describe the event the facility will be used for:

The facility will be used for our annual Block Party event. We will have face painting for kids and food/BBO and more!

Other Information



This is a youth group event (please include chaperone list) – Please note: organized youth groups only (i.e. Girl Scouts, YMCA, etc) no youth parties.



This is an ongoing event. Please retain deposit notified by organization/individual the facilities are no longer needed.

Agreement

My signature certifies that I have read that Rules and Regulations set forth by the Contra Costa County (CCC) governing the use of the items specified above; that I will take full responsibility for seeing that the use of these facilities/area(s) by the organization/group I represent is in full adherence and compliance with these conditions; that I will hold CCC harmless from any damage, claims for damage for personal injury or death, damage to or loss of property, claims for damage to or loss of property incurred in the use of these facilities/area(s); that if there are any minors in the group using the facilities/area(s), I will accept full responsibility for them throughout the period covered by this Application of Use of the Rodeo Senior Center.

Applicant's Signature

Katasha Chillow

Date

7/7/2016

EVENT FEES

Please check the box the best represents your event - If your event does not fit one of the categories below or if you are seeking a fee exemption, please contact the Contra Costa County at (925) 313-2272.

<u>EVENT TYPE</u>	<u>FEE</u>	<u>DEPOSIT</u>
<input type="checkbox"/> Government Agency meeting (open to public)	\$ free	\$100
<input type="checkbox"/> Resident nonprofit meeting (less than 3 hours)	\$ 15	\$100
<input checked="" type="checkbox"/> Resident nonprofit event (3 - 10 hours)	\$ 75	\$100
<input type="checkbox"/> Resident individual event (i.e. baby shower)	\$100	\$200
<input type="checkbox"/> Non-resident individual event	\$200	\$200

*Residents are defined as organizations or individuals located in zip code 94572

Additional fees

<input checked="" type="checkbox"/> Kitchen use	\$ 50
<input type="checkbox"/> Hourly rate over 10 hour max – resident	\$ 25/hr
<input type="checkbox"/> Hourly rate over 10 hour max – nonresident	\$ 35/hr

Amount Due

Deposit:	_____	Any person(s) violating the rules and regulations and/or creating a public nuisance may be required to leave the facility and the renter by lose all or portions of the deposit
Event Fees:	_____	
Additional Fees:	_____	
Total Fee Due:	_____	

Office Use Only

Date received _____ Received by _____

- ☐ **Deposit received**
Amount \$ _____ Receipt Number _____
- ☐ **Event Fee received (including additional charges)**
Amount \$ _____ Receipt Number _____
- ☐ **Checked Applicant ID**
Driver's License # _____
- ☐ **Chaperone list for youth groups received**
o Number of youth _____
o Number of chaperones _____ (At least 1 chaperone for every 10 youth)
o Names of chaperones and phone numbers for chaperones
o _____
o _____
o _____
o _____

Application is ☐ APPROVED

☐ DENIED

Reason for denial: _____

By: _____

Deposit Return

Renter Information

Organization/Individual Name New Horizons Career Development Ctr.
Designated person in charge Latasha Chillous
Street 199 Parker Ave / 189 Parker Ave
City/State/Zip Redeo, CA 94572
Phone 510-799-2916 Alt. Phone 415-724-7931 Fax 510-799-7816
Email address lchillous@NewHorizonsCdc.com

Deposit Refund Detail

☒ This is an ongoing event. Please retain deposit notified by organization/individual the facilities are no longer needed.

Deposit \$ _____
Less charges \$ _____
Balance \$ _____

Date paid _____
Check # _____

Reason for charges:

RETURN TO RENTER WITH DEPOSIT

Renter Information

Organization/Individual Name New Horizons CDC
Designated person in charge Latasha Chillous

Deposit Refund Detail

Deposit \$ _____
Less charges \$ _____
Balance \$ _____

Date paid _____
Check # _____

Reason for charges:

2016 COMMUNITY BLOCK PARTY

**Join us for a day
Of fun with your
Community!**

**Date: Saturday,
August 13, 2016**

Time: 10am-5pm

**Location: Between
2nd St. And Parker
Ave. Rodeo, CA**

There will be:
Jumpers
Face Painting
Health Fair
Informational Booths
Free Food and
Refreshments
School Supply/Back
Pack Give Away

**Entertainment
And More.....**



For more information contact New Horizons Career Development Center at: 510-799-2916

www.newhorizonscdc.com



**Contra
Costa
County**

To: Board of Supervisors

From: Julia R. Bueren, Public Works Director/Chief Engineer

Date: August 9, 2016

Subject: Approve Actriz Place Retaining Wall Drainage Improvement Project and related actions under the California Environmental Quality Act, Vine Hill area.

RECOMMENDATION(S):

APPROVE the Actriz Place Retaining Wall Drainage Improvement Project and AUTHORIZE the Public Works Director, or designee, to advertise the Project, Vine Hill area(s). [County Project No. 0672-6U2320 / DCD-CP#16-34] (District V).

DETERMINE the Project is a California Environmental Quality Act (CEQA), Class 1 (a) Categorical Exemption, pursuant to Article 19, Section 15301 (a) of the CEQA Guidelines, and

DIRECT the Director of Conservation and Development to file a Notice of Exemption with the County Clerk, and

AUTHORIZE the Public Works Director to arrange for payment of a \$25 fee to Conservation and Development for processing, and a \$50 fee to the County Clerk for filing the Notice of Exemption.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Avé Brown, (925)
313-2311

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: L. Mangabay, L. Chavez, Environmental, Public Works, B. Yip, Design Construction

FISCAL IMPACT:

100% Gas Tax Funds.

BACKGROUND:

The purpose of this Project is to improve the infrastructure drainage of the retaining wall adjacent to Actriz Place. The retaining wall along Actriz Place runs from Actriz Avenue to Rodrigues Avenue, serves as the backyard property boundary for the residence at 471 Rodrigues Avenue and was intended to discharge at the curb in front of that residence. The wall drain is not functioning properly and has resulted in saturated conditions in the side and front yard of the residence.

The Project consists of installation of a French drain system in the backyard of the residence at the foot of the wall. The drain will discharge into an existing curb and gutter on Cabrilho Drive. The section of sidewalk at the proposed discharge location is cracked, will be replaced, and will include the necessary drain to the curb and gutter on Cabrilho Drive. Real Property transactions, including right-of-way acquisition, temporary construction easements, and drainage easements may be necessary in support of this project.

CONSEQUENCE OF NEGATIVE ACTION:

Delay in approving the project will result in a delay of design and construction and the subject property will experience saturation of both the front and side yards during coming winter months.

ATTACHMENTS

Actriz Place Retaining Wall Improvement Project-CEQA

PUBLIC WORKS DEPARTMENT
INITIAL STUDY OF
ENVIRONMENTAL SIGNIFICANCE

PROJECT NUMBER: 0672-6U2320
CP# 16-34

PROJECT NAME: Actriz Place Retaining Wall Drainage Improvement Project

PREPARED BY: Avé Brown

DATE: July 5, 2016

APPROVED BY: _____

DATE: 7-14-16

RECOMMENDATIONS:

☒ Categorical Exemption: 15301 [Class 1(a)]

☐ Negative Declaration

☐ Environmental Impact Report Required

☐ Conditional Negative Declaration

The project will not have a significant effect on the environment. The recommendation is based on the following: The Project consists of repair of existing facilities involving no expansion of use beyond that previously existing pursuant to section 15301 (a) of the CEQA guidelines. The project will not result in the removal of any scenic resource.

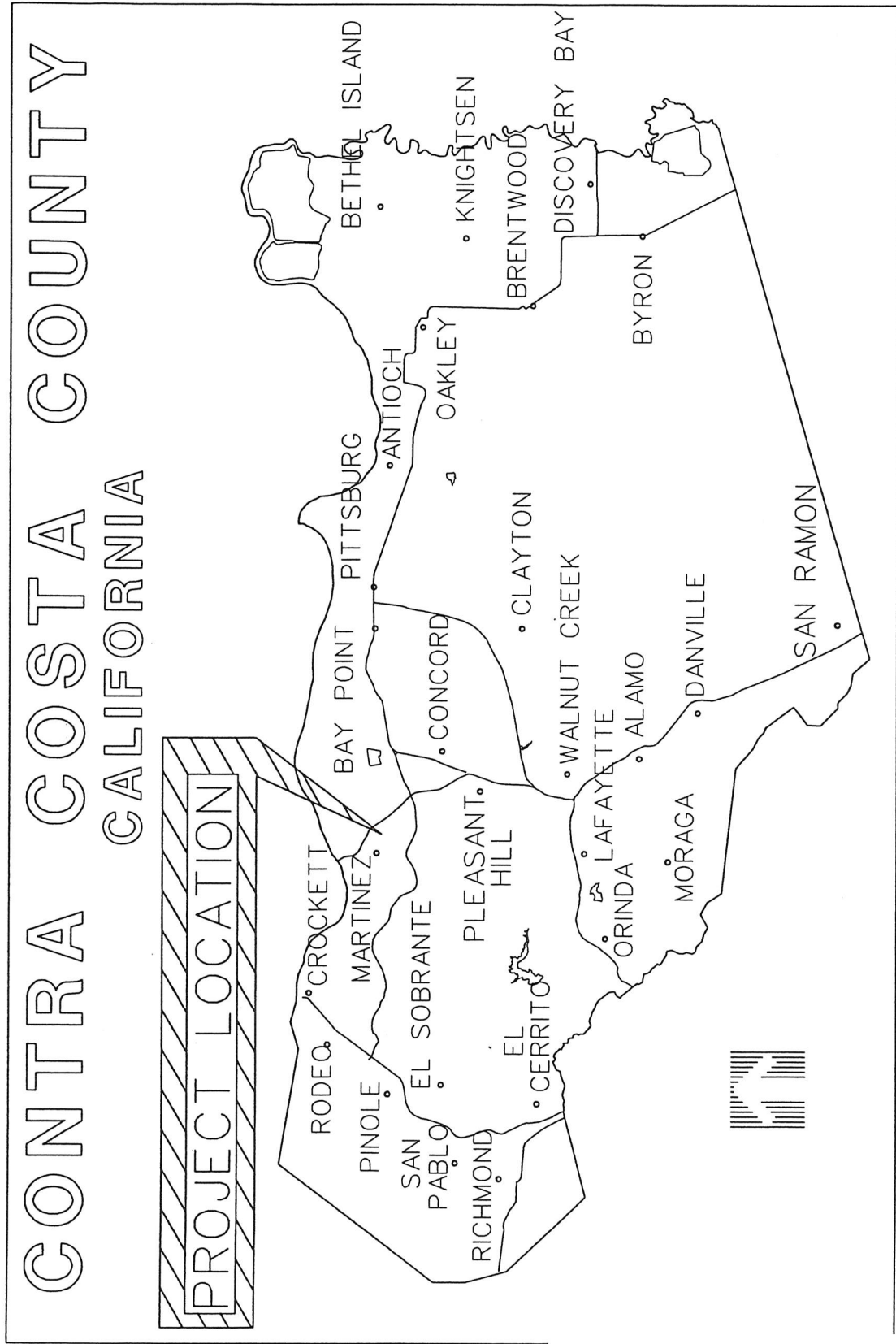
What changes to the project would mitigate the identified impacts: N/A

USGS Quad Sheet: Vine Hill	Base Map Sheet #: 13 F	Parcel #: 380-142-001
----------------------------	------------------------	-----------------------

GENERAL CONSIDERATIONS:

- Location:** The Project is located at 471 Rodrigues Ave, Martinez CA. [Figures 1-3].
- Project Description:** The purpose of this Project is to improve the infrastructure drainage of the retaining wall adjacent to Actriz Place. The retaining wall along Actriz Place runs from Actriz Avenue to Rodrigues Avenue, serves as the backyard property boundary for the residence at 471 Rodrigues Avenue and was intended to discharge at the curb in front of that residence. The wall drain is not functioning properly and has resulted in saturated conditions in the side and front yard of the residence.

The Project consists of installation of a French drain system in the backyard of the residence at the foot of the wall. The drain will discharge into an existing curb and gutter on Cabrilho Drive. The section of sidewalk at the proposed discharge location is cracked, will be replaced, and will include the necessary drain to the curb and gutter on Cabrilho Drive. Real Property transactions, including right-of-way acquisition, temporary construction easements, and drainage easements may be necessary in support of this project.
- Does it appear that any feature of the project will generate significant public concern?**
☐ Yes ☒ No ☐ maybe (Nature of concern):
- Will the project require approval or permits by other than a County agency?**
☐ Yes ☒ No
- Is the project within the Sphere of Influence of any city?** Martinez



Actriz Place
Retaining Wall Drainage Improvement
Figure 1

LOCATION MAP

NO SCALE



0 125 250 500
FEET



**Actriz Place
Retaining Wall Drainage Improvement
Figure 2**

**CONTRA COSTA COUNTY
PUBLIC WORKS DEPARTMENT**

**ACTRIZ PLACE RETAINING WALL DRAINAGE ELEVATION
ACTRIZ PL AND 471 RODRIGUES AVE
MARTINEZ, CALIFORNIA**

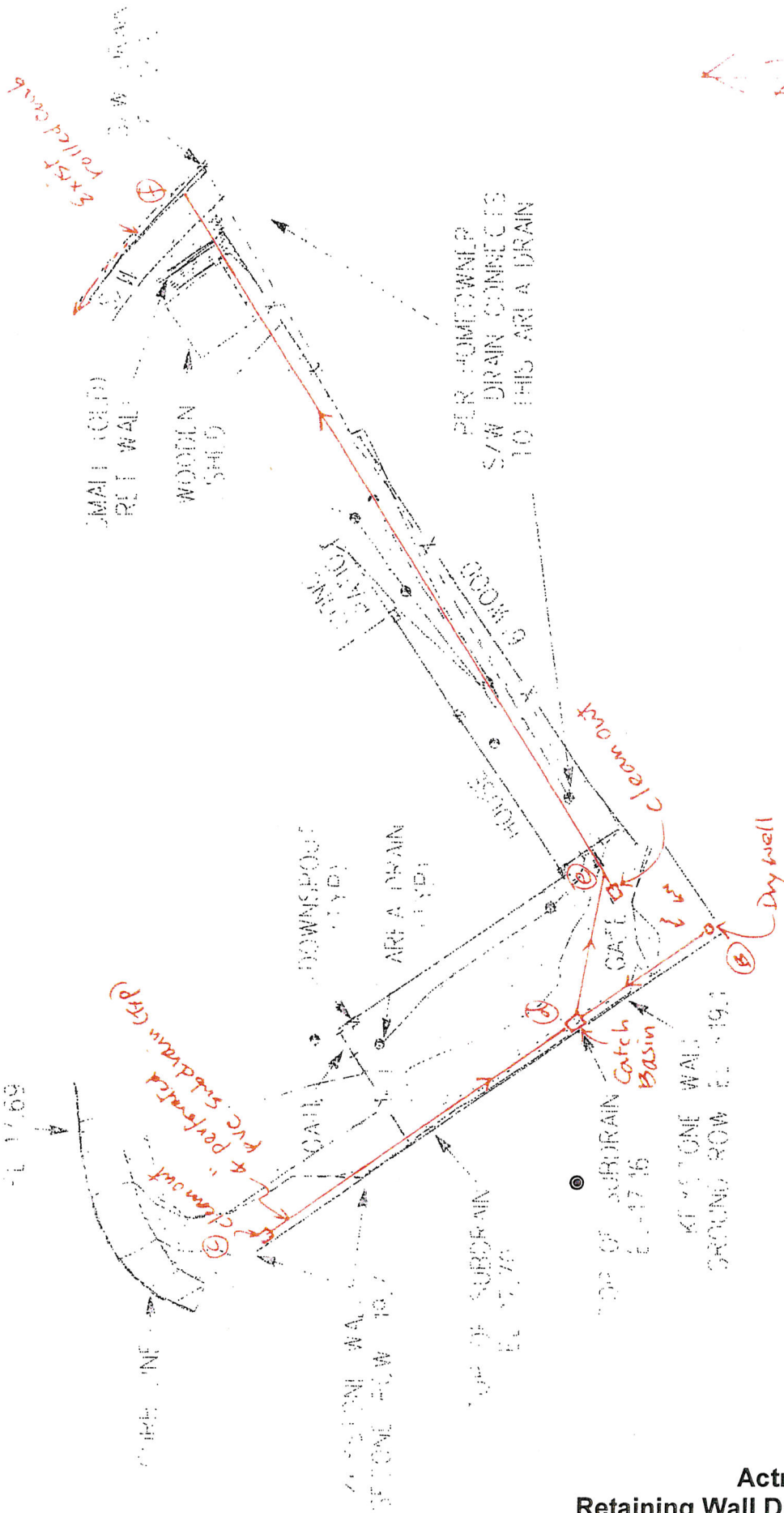
SITE LOCATION MAP

0672-6U2320

JUNE 2016

Rodriguez Ave

SW DRAIN
EL 17.59



PER FOUNTAIN
S/W DRAIN CONNECTS
TO THIS AREA DRAIN

clean out

Dry well

ACTRIZ PI

grade to drain

1" = 20'

Actriz Place
Retaining Wall Drainage Improvement
Figure 3

CALIFORNIA ENVIRONMENTAL QUALITY ACT
Notice of Exemption

To: ☐ Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

☒ County Clerk
County of: Contra Costa

From: Contra Costa County
Dept. of Conservation & Development
30 Muir Road
Martinez, CA 94553

Project Title: **Actriz Place Retaining Wall Drainage Improvement Project**
Project No. 0672-6U2320, CP# 16-34

Project Applicant: **Contra Costa County Public Works Department**

Project Location – **Specific**: 471 Rodrigues Ave, Martinez

Project Location: Vine Hill area of Martinez

Project Location – County: **Contra Costa**

Description of Nature, Purpose and Beneficiaries of Project: The purpose of this Project is to improve the infrastructure drainage of the retaining wall adjacent to Actriz Place. The retaining wall along Actriz Place runs from Actriz Avenue to Rodrigues Avenue, serves as the backyard property boundary for the residence at 471 Rodrigues Avenue and was intended to discharge at the curb in front of that residence. The wall drain is not functioning properly and has resulted in saturated conditions in the side and front yard of the residence.

The Project consists of installation of a French drain system in the backyard of the residence at the foot of the wall. The drain will discharge into an existing curb and gutter on Cabrilho Drive. The section of sidewalk at the proposed discharge location is cracked, will be replaced, and will include the necessary drain to the curb and gutter on Cabrilho Drive. Real Property transactions, including right-of-way acquisition, temporary construction easements, and drainage easements may be necessary in support of this project.

Name of Public Agency Approving Project: **Contra Costa County**
Name of Person or Agency Carrying Out Project: **Contra Costa County Public Works Department**

Exempt Status:

- | | |
|---|--|
| <input type="checkbox"/> Ministerial Project (Sec. 21080(b) (1); 15268; | <input checked="" type="checkbox"/> Categorical Exemption: <u>Class 1 (a)</u> |
| <input type="checkbox"/> Declared Emergency (Sec. 21080(b)(3); 15269(a)); | <input type="checkbox"/> Other Statutory Exemption, Code No.: _____ |
| <input type="checkbox"/> Emergency Project (Sec. 21080(b)(4); 15269(b)(c)); | <input type="checkbox"/> General Rule of Applicability [Article 5, Section 15061 (b)(3)] |

Reasons why project is exempt: The project consists of repair of existing facilities involving no expansion of use beyond that previously existing pursuant to section 15301 (a) of the CEQA guidelines. The project will not result in the removal of any scenic resource.

Lead Agency Contact Person: **Avé Brown** - **Public Works Dept.** Area Code/Telephone/Extension: **(925) 313-2311**

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☒ No

Signature: _____ Date: _____ Title: _____

☐ Signed by Lead Agency ☐ Signed by Applicant

AFFIDAVIT OF FILING AND POSTING

I declare that on _____ I received and posted this notice as required by California Public Resources Code Section 21152(c). Said notice will remain posted for 30 days from the filing date.

Signature

Title

Applicant:

Public Works Department
255 Glacier Drive
Martinez, CA 94553
Attn: Avé Brown
Environmental Services Division
Phone: (925) 313-2311

Department of Fish and Game Fees Due

- | |
|--|
| <input type="checkbox"/> EIR - \$3,070. ⁰⁰ |
| <input type="checkbox"/> Neg. Dec. - \$2,210. ²⁵ |
| <input type="checkbox"/> DeMinimis Findings - \$0 |
| <input checked="" type="checkbox"/> County Clerk - \$50 |
| <input checked="" type="checkbox"/> Conservation & Development - \$25 |

Total Due: \$ 75.⁰⁰

Total Paid \$ _____

Receipt #: _____



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 9, 2016

Subject: Claims

RECOMMENDATION(S):

DENY claims filed by Ernest Dorsey and Wilber and Associates o/b/o USAA a/s/o Barbara Hocket.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

*

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Joellen Balbas
925-335-1906

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors

From: FAMILY & HUMAN SERVICES COMMITTEE

Date: August 9, 2016

Subject: Appointment to the Council on Homelessness

RECOMMENDATION(S):

APPOINT Alejandra Chamberlain to the Education and Vocational Services seat on the Contra Costa Council on Homelessness with terms expiring 12/31/2017 as recommended by the Health Services Director.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Lavonna Martin, (925)
313-6736

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

RECOMMENDATION(S): (CONT'D)

>

FISCAL IMPACT:

There is no fiscal impact.

BACKGROUND:

The Contra Costa Council on Homelessness provides a forum for communication and coordination of the County's Strategic Plan to End Homelessness, educate the community on homeless issues, and advocate on federal, state and local policy issues affecting people who are homeless or at-risk of homelessness.

The Council on Homelessness is appointed by the Board of Supervisors and consists of 18 seats representing homeless or formerly homeless persons, educational/vocational services, health care, housing providers law enforcement, local government, the faith community, homeless service providers, and philanthropy. All Council members reside in or are employed in Contra Costa County, demonstrate a professional interest in or personal commitment to addressing and alleviating the impact of homelessness, and be able to contribute unique expertise, opinions and viewpoints on homeless issues. Candidates will serve two-year terms.

The Council on Homelessness continues to make every effort to fill its vacant seats. These efforts include sending a targeted email solicitation via the Continuum of Care mailing list (300+ contacts that include each Supervisors office), announcing vacancies at public Council on Homelessness meetings and posting information about the vacancies and application materials on the Council on Homelessness website.

CONSEQUENCE OF NEGATIVE ACTION:

The seat will remain vacant.

CHILDREN'S IMPACT STATEMENT:

None

ATTACHMENTS

Chamberlain redacted



Contra
Costa
County

For Office Use Only
Date Received:

For Reviewers Use Only:
Accepted Rejected

BOARDS, COMMITTEES, AND COMMISSIONS APPLICATION

MAIL OR DELIVER TO:

Contra Costa County
CLERK OF THE BOARD
651 Pine Street, Rm. 106
Martinez, California 94553-1292

PLEASE TYPE OR PRINT IN INK

(Each Position Requires a Separate Application)

BOARD, COMMITTEE OR COMMISSION NAME AND SEAT TITLE YOU ARE APPLYING FOR:

Contra Costa Council on Homelessness

PRINT EXACT NAME OF BOARD, COMMITTEE, OR COMMISSION

PRINT EXACT SEAT NAME (if applicable)

1. Name: Chamberlain Alejandra
(Last Name) (First Name) (Middle Name)

2. Address: [Redacted] Pleasant Hill CA 94523
(No.) (Street) (Apt.) (City) (State) (Zip Code)

3. Phones: [Redacted]
(Home No.) (Work No.) (Cell No.)

4. Email Address: [Redacted]

5. **EDUCATION:** Check appropriate box if you possess one of the following:

High School Diploma ☒ G.E.D. Certificate ☐ California High School Proficiency Certificate ☐

Give Highest Grade or Educational Level Achieved Master of Science in Counseling

Names of colleges / universities attended	Course of Study / Major	Degree Awarded	Units Completed		Degree Type	Date Degree Awarded
			Semester	Quarter		
A) California State University, Sacramento	Counseling	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>			MS	5/2009
B) California State University, Sacramento	Child Development	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>			BA	12/2006
C) Los Medanos College	Child Development	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>			AS	12/2004
D) Other schools / training completed:	Course Studied	Hours Completed	Certificate Awarded: Yes No <input type="checkbox"/> <input type="checkbox"/>			

6. PLEASE FILL OUT THE FOLLOWING SECTION COMPLETELY. List experience that relates to the qualifications needed to serve on the local appointive body. Begin with your most recent experience. A resume or other supporting documentation may be attached but it may not be used as a substitute for completing this section.

<p>A) Dates (Month, Day, Year) <u>From</u> <u>To</u> <div>06/20/2014</div> <div>Current</div> <p>Total: <u>Yrs.</u> <u>Mos.</u> <div>1</div> <div>9</div> <p>Hrs. per week <div>45</div> . Volunteer <input type="checkbox"/></p> </p></p>	<p>Title <div>Youth Development Services Manager</div> <p>Employer's Name and Address <div>Contra Costa County Office of Education 77 Santa Barbara Road Pleasant Hill, CA 94523</div> </p> </p>	<p>Duties Performed Plan, organize, control and direct Youth Development Services operations and activities including educational and vocational training programs and services to enhance learning, achievement and educational outcomes among identified high-risk students.</p>
<p>B) Dates (Month, Day, Year) <u>From</u> <u>To</u> <div>01/07/2013</div> <div>06/19/2014</div> <p>Total: <u>Yrs.</u> <u>Mos.</u> <div>1</div> <div>5</div> <p>Hrs. per week <div>40</div> . Volunteer <input type="checkbox"/></p> </p></p>	<p>Title <div>Youth Services Program Coordinator</div> <p>Employer's Name and Address <div>City of San Pablo 13831 San Pablo Avenue San Pablo, CA 94806</div> </p> </p>	<p>Duties Performed To coordinate a variety of youth-focused programs such a delinquency prevention, intervention and gang intervention, diversion and mediation. Provide professional level work; perform comprehensive analyses of municipal policies, organization and procedures related to youth services. Assist in gramnt and budget monitoring.</p>
<p>C) Dates (Month, Day, Year) <u>From</u> <u>To</u> <div>11/30/2010</div> <div>01/04/2013</div> <p>Total: <u>Yrs.</u> <u>Mos.</u> <div>2</div> <div>2</div> <p>Hrs. per week <div>40</div> . Volunteer <input type="checkbox"/></p> </p></p>	<p>Title <div>Youth Development Services Specialist</div> <p>Employer's Name and Address <div>Contra Costa County Office of Education 77 Santa Barbara Road Pleasant Hill, CA 94523</div> </p> </p>	<p>Duties Performed Perform a variety of specialized activities involved in providing eligible youth with career guidance, vocational assessment, academic counseling, training, education and placement services to enhance school and career awareness and transtition.</p>
<p>D) Dates (Month, Day, Year) <u>From</u> <u>To</u> <div>03/01/2010</div> <div>11/29/2010</div> <p>Total: <u>Yrs.</u> <u>Mos.</u> <div></div> <div>8</div> <p>Hrs. per week <div>40</div> . Volunteer <input type="checkbox"/></p> </p></p>	<p>Title <div>Workforce Development Professional</div> <p>Employer's Name and Address <div>Sacramento Employment and Training Agency 925 Del Paso Blvd Sacramento CA 95815</div> </p> </p>	<p>Duties Performed Perform a variety of specialized activities involved in providing eligible adults with career guidance, vocational assessment, academic counseling, traning, education and placement services to enhance career awaremess and transition.</p>

7. How did you learn about this vacancy?

☐ CCC Homepage ☐ Walk-In ☐ Newspaper Advertisement ☐ District Supervisor ☒ Other

8. Do you have a Familial or Financial Relationship with a member of the Board of Supervisors? (Please see Board Resolution no. 2011/55, attached): No ☒ Yes ☐

If Yes, please identify the nature of the relationship:

9. Do you have any financial relationships with the County such as grants, contracts, or other economic relations? No ☐ Yes ☒

If Yes, please identify the nature of the relationship:

grants

I CERTIFY that the statements made by me in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge and understand that all information in this application is publically accessible. I understand and agree that misstatements / omissions of material fact may cause forfeiture of my rights to serve on a Board, Commission in Contra Costa County.

Sign Name: _____

Date: _____

4/4/2016

Important Information

1. This application is a public document and is subject to the California Public Records Act (CA Gov. Code §6250-6270).
2. Send the completed paper application to the Office of the Clerk of the Board at: 651 Pine Street, Room 106, Martinez, CA 94553.
3. A résumé or other relevant information may be submitted with this application.
4. All members are required to take the following training: 1) The Brown Act, 2) The Better Government Ordinance, and 3) Ethics Training.
5. Members of boards, commissions, and committees may be required to: 1) file a Statement of Economic Interest Form also known as a Form 700, and 2) complete the State Ethics Training Course as required by AB 1234.
6. Advisory body meetings may be held in various locations and some locations may not be accessible by public transportation.
7. Meeting dates and times are subject to change and may occur up to two days per month.
8. Some boards, committees, or commissions may assign members to subcommittees or work groups which may require an additional commitment of time.

**THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA and for
Special Districts, Agencies and Authorities Governed by the Board Adopted Resolution
no. 2011/55 on 2/08/2011 as follows:**

IN THE MATTER OF ADOPTING A POLICY MAKING FAMILY MEMBERS OF THE BOARD OF SUPERVISORS INELIGIBLE FOR APPOINTMENT TO BOARDS, COMMITTEES OR COMMISSIONS FOR WHICH THE BOARD OF SUPERVISORS IS THE APPOINTING AUTHORITY

WHEREAS the Board of Supervisors wishes to avoid the reality or appearance of improper influence or favoritism;
NOW, THEREFORE, BE IT RESOLVED THAT the following policy is hereby adopted:

- I. SCOPE: This policy applies to appointments to any seats on boards, committees or commissions for which the Contra Costa County Board of Supervisors is the appointing authority.
- II. POLICY: A person will not be eligible for appointment if he/she is related to a Board of Supervisors' Member in any of the following relationships:
 1. Mother, father, son, and daughter;
 2. Brother, sister, grandmother, grandfather, grandson, and granddaughter;
 3. Great-grandfather, great-grandmother, aunt, uncle, nephew, niece, great-grandson, and great-granddaughter;
 4. First cousin;
 5. Husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepson, and stepdaughter;
 6. Sister-in-law (brother's spouse or spouse's sister), brother-in-law (sister's spouse or spouse's brother), spouse's grandmother, spouse's grandfather, spouse's granddaughter, and spouse's grandson;
 7. Registered domestic partner, pursuant to California Family Code section 297.
 8. The relatives, as defined in 5 and 6 above, for a registered domestic partner.
 9. Any person with whom a Board Member shares a financial interest as defined in the Political Reform Act (Gov't Code §87103, Financial Interest), such as a business partner or business associate.



Contra
Costa
County

To: Board of Supervisors
From: Joseph E. Canciamilla, Clerk-Recorder
Date: August 9, 2016

Subject: CONSOLIDATION REQUESTS FOR THE GENERAL ELECTION NOV. 08, 2016

RECOMMENDATION(S):

APPROVE the consolidation requests from each and any jurisdiction that filed a resolution with the County Clerk-Recorder, Elections Division and the Clerk of the Board of Supervisors to consolidate their elections with the November 8, 2016 General Election, and AUTHORIZE the Elections Division to conduct the elections for those jurisdictions on November 8, 2016.

FISCAL IMPACT:

There is no additional direct cost to the County. Any additional cost incurred by the Elections Division will be recovered from each City, School and Special District that choose to consolidate their elections with the November 8, 2016 General Election.

BACKGROUND:

Records indicate that the entities have filed a resolution with the Clerk of the Board of Supervisors requesting consolidation with the General Election. Granting the requests will allow the Elections Division to consolidate the Districts' and Cities' elections with the County's Presidential General Election, which will reduce the County's cost of conducting the election.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Rosa Mena,
925.335.7806

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

Not approving the requests will require each City, School, and Special District to conduct its own election.



**Contra
Costa
County**

To: Board of Supervisors
From: LEGISLATION COMMITTEE
Date: August 9, 2016

Subject: Proposition 61: The California Drug Price Relief Act

RECOMMENDATION(S):

CONSIDER adopting a Support position on Proposition 61 The California Drug Price Relief Act, which seeks to prohibit state agencies from paying more for a prescription drug than the lowest price paid by the U.S. Department of Veterans Affairs, as recommended by the Legislation Committee.

FISCAL IMPACT:

No direct impact to the County from supporting the initiative.

It is the opinion of the Legislative Analyst and Director of Finance that the measure, if adopted, may result in a substantial net change in state or local finances.

BACKGROUND:

Proposition 61 prohibits state agencies from paying more for a prescription drug than the lowest price paid for the same drug by the United States Department of Veterans Affairs. The measure applies to any program where the state is the ultimate payer for a drug, even if the state does not purchase the drug directly. The Measure exempts certain purchases of prescription

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: L. DeLaney,
925-335-1097

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

drugs funded through Medi-Cal.

Fiscal impact: It is the opinion of the Legislative Analyst and Director of Finance that the measure, if adopted, may result in a substantial net change in state or local finances.

(15-0009.)

See Attachment A for the full text of the measure and Attachment B for a report by the Legislative Analyst's Office.

CONSEQUENCE OF NEGATIVE ACTION:

There would be no record of the County's support for the ballot initiative.

ATTACHMENTS

Attachment A: Proposition 61: The California Drug Price Relief Act

Attachment B: Legislative Analyst's Office report

Michael Weinstein

[Residence Address Included on Elections Code Section 9001(b) Certificate of
Residency Transmitted with January 30, 2015 Letter and Incorporated Herein by This Reference]

April 3, 2015

RECEIVED
APR 06 2015

Ms. Ashley Johansson
Initiative Coordinator
Office of the Attorney General
1300 "I" Street, Suite 125
Sacramento, CA 95814-2919

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Re: Request for Title and Summary for Proposed Initiative 15-0009 as Amended

Dear Ms. Johansson:

Pursuant to California Elections Code section 9002(b) (and particularly section 9002(b)(4) and section 15 with regard to timing), by this letter I respectfully submit amendments to the proposed statewide initiative measure entitled "The California Drug Price Relief Act" (the "measure") (Initiative 15-0009). These amendments are reasonably germane to the theme, purpose, and/or subject of the measure as originally proposed and therefore are encouraged and permitted by the recent Ballot Initiative Transparency Act (Senate Bill 1253).

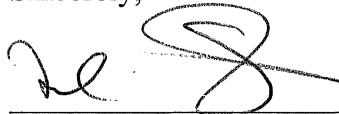
Further, I request that the Attorney General prepare a circulating title and summary using the amended language submitted herewith and incorporated herein by this reference. For ease of reference, I include both a "clean" copy and a "red-lined" copy of the amended language.

Please direct all inquiries and correspondence regarding the measure to:

Bradley W. Hertz, Esq.
The Sutton Law Firm
22815 Ventura Boulevard, #405
Los Angeles, CA 91364
Tel: 818/593-2949
Fax: 818/593-2948
Email: bhertz@campaignlawyers.com

Thank you for your time and attention to this matter.

Sincerely,



Michael Weinstein
Proponent

15-0009 Amdt. # 1

The California Drug Price Relief Act

The People of the State of California do hereby ordain as follows:

Section 1. Title.

This Act shall be known and may be cited as "The California Drug Price Relief Act" (the "Act").

Section 2. Findings and Declarations.

The People of the State of California hereby find and declare all of the following:

- (a) Prescription drug costs have been, and continue to be, one of the greatest drivers of rising health care costs in California.
- (b) Nationally, prescription drug spending increased more than 800 percent between 1990 and 2013, making it one of the fastest growing segments of health care.
- (c) Spending on specialty medications, such as those used to treat HIV/AIDS, Hepatitis C, and cancers, are rising faster than other types of medications. In 2014 alone, total spending on specialty medications increased by more than 23 percent.
- (d) The pharmaceutical industry's practice of charging inflated drug prices has resulted in pharmaceutical company profits exceeding those of even the oil and investment banking industries.
- (e) Inflated drug pricing has led to drug companies lavishing excessive pay on their executives.
- (f) Excessively priced drugs continue to be an unnecessary burden on California taxpayers that ultimately results in cuts to health care services and providers for people in need.
- (g) Although California has engaged in efforts to reduce prescription drug costs through rebates, drug manufacturers are still able to charge the State more than other government payers for the same medications, resulting in a dramatic imbalance that must be rectified.
- (h) If California is able to pay the same prices for prescription drugs as the amounts paid by the United States Department of Veterans Affairs, it would result in significant savings to California and its taxpayers. This Act is necessary and appropriate to address these public concerns.

Section 3. Purposes and Intent.

The People of the State of California hereby declare the following purposes and intent in enacting this Act:

- (a) To enable the State of California to pay the same prices for prescription drugs as the prices paid by the United States Department of Veterans Affairs, thus rectifying the imbalance among government payers.

(b) To enable significant cost savings to California and its taxpayers for prescription drugs, thus helping to stem the tide of rising health care costs in California.

(c) To provide for the Act's proper legal defense should it be adopted and thereafter challenged in court.

Section 4. The California Drug Price Relief Act shall be codified by adding the following Section to the California Welfare and Institutions Code:

Section 14105.32. Drug Pricing

(a) Notwithstanding any other provision of law and insofar as may be permissible under federal law, neither the State of California, nor any state administrative agency or other state entity, including, but not limited to, the California Department of Health Care Services, shall enter into any agreement with the manufacturer of any drug for the purchase of a prescribed drug unless the net cost of the drug, inclusive of cash discounts, free goods, volume discounts, rebates, or any other discounts or credits, as determined by the California Department of Health Care Services, is the same as or less than the lowest price paid for the same drug by the United States Department of Veterans Affairs.

(b) The price ceiling described in subsection (a) above also shall apply to all programs where the State of California or any state administrative agency or other state entity is the ultimate payer for the drug, even if it did not purchase the drug directly. This includes, but is not limited to, California's Medi-Cal fee-for-service outpatient drug program, and California's AIDS Drug Assistance Program. In addition to agreements for any cash discounts, free goods, volume discounts, rebates, or any other discounts or credits already in place for these programs, the responsible state agency shall enter into additional agreements with drug manufacturers for further price reductions so that the net cost of the drug, as determined by the California Department of Health Care Services, is the same as or less than the lowest price paid for the same drug by the United States Department of Veterans Affairs. The requirements of this Section shall not be applicable to drugs purchased or procured, or rates developed, pursuant to or under any Medi-Cal managed care program.

(c) It is the intent of the People of the State of California that the State of California, and all state agencies and other state entities that enter into one or more agreements with the manufacturer of any drug for the purchase of prescribed drugs, shall implement this section in a timely manner, and to that end the State of California and all such state agencies and other state entities are required to implement and comply with this law no later than July 1, 2017.

(d) The State of California, and each and every state administrative agency or other state entity, may adopt rules and/or regulations to implement the provisions of this Section, and may seek any waivers of federal law, rule, and/or regulation necessary to implement the provisions of this Section.

Section 5. Liberal Construction.

This Act is an exercise of the public power of the People of the State of California for the protection of their health, safety, and welfare, and shall be liberally construed to effectuate its purposes.

Section 6. Conflicting Measures.

This Act is intended to be comprehensive. It is the intent of the People of the State of California that in the event this Act and one or more measures relating to the same subject shall appear on the same statewide ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this Act. In the event that this Act receives a greater number of affirmative votes, the provisions of this Act shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void.

Section 7. Proponent Accountability.

The People of the State of California hereby declare that the proponent of this Act should be held civilly liable in the event this Act is struck down, after passage, in whole or in part, by a court of law for being constitutionally or statutorily impermissible. Such a constitutionally or statutorily impermissible initiative is a misuse of taxpayer funds and electoral resources and the Act's proponent, as drafter of the Act, must be held accountable for such an occurrence.

In the event this Act, after passage, is struck down in a court of law, in whole or in part, as unconstitutional or statutorily invalid, and all avenues for appeal have been exhausted, the proponent shall pay a civil penalty of \$10,000 to the General Fund of the State of California for failure to draft and sponsor a wholly constitutionally or statutorily permissible initiative law but shall have no other liability to any person or entity with respect to, related to, or arising from the Act. No party or entity may waive this civil penalty.

Section 8. Amendment and Repeal.

This Act may be amended to further its purposes by statute passed by a two-thirds (2/3) vote of the Legislature and signed by the Governor.

Section 9. Severability.

If any provision of this Act, or part thereof, or the applicability of any provision or part to any person or circumstances, is for any reason held to be invalid or unconstitutional, the remaining provisions and parts shall not be affected, but shall remain in full force and effect, and to this end the provisions and parts of this Act are severable. The voters hereby declare that this Act, and each portion and part, would have been adopted irrespective of whether any one or more provisions or parts are found to be invalid or unconstitutional.

Section 10. Legal Defense.

The People of the State of California desire that the Act, if approved by the voters, and thereafter challenged in court, be defended by the State of California. The People of the State of California, by enacting this Act, hereby declare that the proponent of this Act have a direct and personal stake in defending this Act from constitutional or statutory challenges to the Act's validity. In the event the Attorney General fails to defend this Act, or the Attorney General fails to appeal an adverse judgment against the constitutionality or statutory permissibility of this Act, in whole or in part, in any court of law, the Act's proponent shall be entitled to assert its direct and personal stake by defending the Act's validity in any court of law and shall be empowered by the citizens through this Act to act as agents of the citizens of the State of California subject to the following conditions: (1) The proponent shall not be considered an "at-will" employee of the State of California, but the Legislature shall have the authority to remove the proponent from their agency role by a majority vote of each house of the Legislature when "good cause" exists to do so, as that term is defined by California case law; (2) The proponent shall take the Oath of Office under California Constitution, Article XX, §3 as an employee of the State of California; (3) The proponent shall be subject to all fiduciary, ethical, and legal duties prescribed by law; and (4) The proponent shall be indemnified by the State of California for only reasonable expenses and other losses incurred by the proponent, as agent, in defending the validity of the challenged Act. The rate of indemnification shall be no more than the amount it would cost the State to perform the defense itself.

Section 11. Effective Date.

Except as otherwise provided herein, this Act shall become effective the day after its approval by the voters.



April 21, 2015

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative (A.G. File No. 15-0009) that would establish requirements regarding the prices the state may pay to purchase prescribed drugs.

Pursuant to subsection (c) of Section 9005 of the Elections Code, we are informing you that, in our opinion, a reasonable estimate of the net impact of this proposed initiative measure cannot be prepared within the 50-day period from the date this proposed initiative was received. The initiative would prohibit the state, or any state administrative agency or other state entity, from entering into any agreement with a drug manufacturer for the purchase of a prescribed drug unless the net cost of the drug is the same as or less than the lowest price paid for the same drug by the United States Department of Veterans Affairs (USDVA). This price ceiling would also apply to all programs where the state or any state administrative agency or other state entity is the ultimate payer for the drug, even if it did not purchase the drug directly. In the time provided, we were unable to obtain sufficient information on the lowest prices paid for prescribed drugs by USDVA to enable us to make a reasonable comparison between the prices paid by USDVA and the prices paid by the state. Lacking such price comparison information, we were unable to come up with a reasonable estimate of the measure's potential fiscal impact on state costs for prescribed drugs. In light of the above, pursuant to subsection (c) of Section 9005 of the Elections Code, we are informing you that it is our opinion that the initiative, if adopted, may result in a substantial net change in state or local finances.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance



**Contra
Costa
County**

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: Add one Information Systems Specialist III and cancel one Web Producer position in Employment and Human Services Department

RECOMMENDATION(S):

ADOPT Position Adjustment Resolution No. 21877 to add one (1) Information Systems Specialist III (LTTA) (represented) position at Salary Plan and Grade TB5 1541 (\$5,323 - \$6,470) and cancel one (1) Web Producer (LBTF) (represented) vacant position #16341 at Salary Plan and Grade ZB5 1543 (\$5,334 - \$6,483) in the Information Technology Division of the Employment and Human Services Department.

FISCAL IMPACT:

Upon approval of this transaction will result in cost savings. This position is funded 42% Federal revenue, 48% State revenue, and 10% County cost.

BACKGROUND:

As a part of their ongoing strategic assessment, the Information Technology Division has determined that adding one Information Systems Specialist III and canceling Web Producer position #16341 will provide flexibility to support the various initiatives and requirements of EHSD. The Information System Specialist III will be responsible for updating content and managing

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cheryl Morse (925)
313-1558

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: EHSD

BACKGROUND: (CONT'D)

the Internet (Web), as well as various Intranets maintained by the Employment and Human Services Department. This work is currently being performed by a contract employee. Discontinuing the current contracted employee and canceling a vacant Web Producer position will result in a cost savings as well as off-set the cost of adding one full-time Information System Specialist III position.

CONSEQUENCE OF NEGATIVE ACTION:

If this Information Systems Specialist III position is not approved, the Department will not have the internal resources required to maintain the Internet and the multiple departmental Intranet websites responsible for updating current content and properly functioning websites..

CHILDREN'S IMPACT STATEMENT:

Ensuring that EHSD's websites are updated with current content and functioning properly is important to their effectiveness as an outreach tool and safety net for the community we serve.

ATTACHMENTS

P300 No. 21877 EHSD

POSITION ADJUSTMENT REQUEST

NO. 21877
DATE 6/17/2016

Department Employment and Human Services

Department No./

Budget Unit No. 0501 Org No. 5101 Agency No. A19

Action Requested: Add one (1) Information Systems Specialist III (LTТА) (represented) full time position at Salary Plan and Grade TB5 1541 (\$5118 - \$6221) and cancel one (1) Web Producer (LBTF) (represented) full time position at Salary Plan and Grade ZB5 1543 (\$5128 - \$6234) in position # 16341. AR #38010

Proposed Effective Date: 7/12/2016

Classification Questionnaire attached: Yes ☐ No ☒ / Cost is within Department's budget: Yes ☒ No ☐

Total One-Time Costs (non-salary) associated with request: \$0.00

Estimated total cost adjustment (salary / benefits / one time):

Total annual cost \$0.00

Net County Cost \$0.00

Total this FY \$0.00

N.C.C. this FY \$0.00

SOURCE OF FUNDING TO OFFSET ADJUSTMENT 42% Federal, 48 %State, 10% County cost

Department must initiate necessary adjustment and submit to CAO.

Use additional sheet for further explanations or comments.

Cheryl Morse 313-1558

(for) Department Head

REVIEWED BY CAO AND RELEASED TO HUMAN RESOURCES DEPARTMENT

Kevin J. Corrigan

6/30/2016

Deputy County Administrator

Date

HUMAN RESOURCES DEPARTMENT RECOMMENDATIONS

DATE 7/20/2016

Add one Information Systems Specialist III (LTТА) (represented) position at Salary Plan and Grade TB5 1541 (\$5,323 - \$6,470) and cancel one Web Producer (LBTF) (represented) vacant position #16341 at Salary Plan and Grade ZB5 1543 (\$5,334 - \$6,483)

Amend Resolution 71/17 establishing positions and resolutions allocating classes to the Basic / Exempt salary schedule.

Effective: ☒ Day following Board Action.

☐ _____(Date)

Otilia Parra

7/20/2016

(for) Director of Human Resources

Date

COUNTY ADMINISTRATOR RECOMMENDATION:

DATE

8/4/2016

☒ Approve Recommendation of Director of Human Resources

☐ Disapprove Recommendation of Director of Human Resources

☐ Other: _____

Enid Mendoza

(for) County Administrator

BOARD OF SUPERVISORS ACTION:

Adjustment is APPROVED ☐ DISAPPROVED ☐

David J. Twa, Clerk of the Board of Supervisors
and County Administrator

DATE _____

BY _____

APPROVAL OF THIS ADJUSTMENT CONSTITUTES A PERSONNEL / SALARY RESOLUTION AMENDMENT

POSITION ADJUSTMENT ACTION TO BE COMPLETED BY HUMAN RESOURCES DEPARTMENT FOLLOWING BOARD ACTION

Adjust class(es) / position(s) as follows:

REQUEST FOR PROJECT POSITIONS

Department _____

Date 8/4/2016

No. xxxxxx

1. Project Positions Requested:
2. Explain Specific Duties of Position(s)
3. Name / Purpose of Project and Funding Source (do not use acronyms i.e. SB40 Project or SDSS Funds)
4. Duration of the Project: Start Date _____ End Date _____
Is funding for a specified period of time (i.e. 2 years) or on a year-to-year basis? Please explain.
5. Project Annual Cost
 - a. Salary & Benefits Costs: _____
 - b. Support Costs: _____
(services, supplies, equipment, etc.)
 - c. Less revenue or expenditure: _____
 - d. Net cost to General or other fund: _____
6. Briefly explain the consequences of not filling the project position(s) in terms of:
 - a. potential future costs
 - b. legal implications
 - c. financial implications
 - d. political implications
 - e. organizational implications
7. Briefly describe the alternative approaches to delivering the services which you have considered. Indicate why these alternatives were not chosen.
8. Departments requesting new project positions must submit an updated cost benefit analysis of each project position at the halfway point of the project duration. This report is to be submitted to the Human Resources Department, which will forward the report to the Board of Supervisors. Indicate the date that your cost / benefit analysis will be submitted
9. How will the project position(s) be filled?
 - ☐ a. Competitive examination(s)
 - ☐ b. Existing employment list(s) Which one(s)? _____
 - ☐ c. Direct appointment of:
 - ☐ 1. Merit System employee who will be placed on leave from current job
 - ☐ 2. Non-County employee

Provide a justification if filling position(s) by C1 or C2

USE ADDITIONAL PAPER IF NECESSARY



**Contra
Costa
County**

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: Increase the work hours for (1) Eligibility Worker III position from 32/40 to 40/40 in EHSD/Workforce Services Bureau

RECOMMENDATION(S):

ADOPT Position Adjustment Resolution No. 21878 to increase the hours of one (1) Eligibility Worker III (XHTB) (represented) position no. 4550 from part time (32/40) to full time (40/40) at Salary Plan and Grade 255 1334 (\$4,170 - \$5,068) in the Workforce Services Bureau of the Employment and Human Services Department.

FISCAL IMPACT:

Upon approval this transaction will result in an additional annual expense of \$20,550. This position will be funded 42% Federal revenue, 48% State revenue, and 10% County cost. The annual pension cost increase is estimated at about 2,572.

BACKGROUND:

Eligibility Worker III position #4550 is a vacant position and is designated part time at 32/40 work hours. Eligibility Worker IIIs are responsible for managing and granting eligibility on CalFresh and Medi-Cal cases. In review of the workloads in the Medi-Cal units, the Department has determined that increasing the work hours for this position will help fill the vacancy and help alleviate the Medi-Cal backlog.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Michelle Fregoso (925)
313-1568

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: EHSD

CONSEQUENCE OF NEGATIVE ACTION:

If work hours for position #4550 are not increased, the Department may have difficulty filling the position and will not have the sufficient full-time staff to process and maintain CalFresh and Medi-Cal cases in a timely manner that potential could impact the public negatively.

CHILDREN'S IMPACT STATEMENT:

The additional hours will provide the Department with the staff critical to support 3) Families that are Economically Self Sufficient, 4) Families that are Safe, Stable and Nurturing.

ATTACHMENTS

P300 No. 21878 EHSD

POSITION ADJUSTMENT REQUEST

NO. 21878
DATE 6/28/2016

Department Employment and Human Services Dept Department No./
Budget Unit No. 0504 Org No. 5412 Agency No. A19
Action Requested: Increase work hours of Eligibility Worker III (XHTB) position #4550 from 32/40 to 40/40 in Workforce Services Bureau (AR 35033)

Proposed Effective Date: 7/19/2016

Classification Questionnaire attached: Yes ☐ No ☒ / Cost is within Department's budget: Yes ☒ No ☐

Total One-Time Costs (non-salary) associated with request: \$0.00

Estimated total cost adjustment (salary / benefits / one time):

Total annual cost \$20,550.00

Net County Cost \$2,055.00

Total this FY \$20,550.00

N.C.C. this FY \$2,055.00

SOURCE OF FUNDING TO OFFSET ADJUSTMENT 42% Federal, 48% State, 10% County

Department must initiate necessary adjustment and submit to CAO.
Use additional sheet for further explanations or comments.

Michelle Fregoso 313-1568

(for) Department Head

REVIEWED BY CAO AND RELEASED TO HUMAN RESOURCES DEPARTMENT

Kevin J. Corrigan

6/30/2016

Deputy County Administrator

Date

HUMAN RESOURCES DEPARTMENT RECOMMENDATIONS

DATE 7/20/2016

Increase the hours of one (1) Eligibility Worker III (XHTB) (represented) position #4550 from part time (32/40) to full time (40/40) at Salary Plan and Grade 255 1334 (\$4,170-\$5,068)

Amend Resolution 71/17 establishing positions and resolutions allocating classes to the Basic / Exempt salary schedule.

Effective: ☒ Day following Board Action.

☐ _____(Date)

Otilia Parra

7/20/2016

(for) Director of Human Resources

Date

COUNTY ADMINISTRATOR RECOMMENDATION:

DATE

8/4/2016

☒ Approve Recommendation of Director of Human Resources

☐ Disapprove Recommendation of Director of Human Resources

☐ Other: _____

Enid Mendoza

(for) County Administrator

BOARD OF SUPERVISORS ACTION:

Adjustment is APPROVED ☐ DISAPPROVED ☐

David J. Twa, Clerk of the Board of Supervisors
and County Administrator

DATE _____

BY _____

APPROVAL OF THIS ADJUSTMENT CONSTITUTES A PERSONNEL / SALARY RESOLUTION AMENDMENT

POSITION ADJUSTMENT ACTION TO BE COMPLETED BY HUMAN RESOURCES DEPARTMENT FOLLOWING BOARD ACTION

Adjust class(es) / position(s) as follows:

REQUEST FOR PROJECT POSITIONS

Department _____

Date 8/4/2016

No. xxxxxx

1. Project Positions Requested:
2. Explain Specific Duties of Position(s)
3. Name / Purpose of Project and Funding Source (do not use acronyms i.e. SB40 Project or SDSS Funds)
4. Duration of the Project: Start Date _____ End Date _____
Is funding for a specified period of time (i.e. 2 years) or on a year-to-year basis? Please explain.
5. Project Annual Cost
 - a. Salary & Benefits Costs: _____
 - b. Support Costs: _____
(services, supplies, equipment, etc.)
 - c. Less revenue or expenditure: _____
 - d. Net cost to General or other fund: _____
6. Briefly explain the consequences of not filling the project position(s) in terms of:
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 - c. financial implications
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 - e. organizational implications
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 - ☐ a. Competitive examination(s)
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 - ☐ c. Direct appointment of:
 - ☐ 1. Merit System employee who will be placed on leave from current job
 - ☐ 2. Non-County employee

Provide a justification if filling position(s) by C1 or C2

USE ADDITIONAL PAPER IF NECESSARY



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services
Date: August 9, 2016

Subject: Add and cancel positions in the Health Services Department

RECOMMENDATION(S):

ADOPT Position Adjustment Resolution No. 21899 to add one (1) Secretary-Advanced Level position (J3TG) at salary level 3R2-1163 (\$3,772 - \$4,828) and cancel vacant Personnel Technician (AP7B) position #16117 at salary level B85-1308 (\$4,228 - \$5,139) in the Health Services Department. (Represented)

FISCAL IMPACT:

Upon approval, this action has an annual cost savings of approximately \$5,483.

BACKGROUND:

The Health Services Personnel/Payroll Division is in need of administrative support to perform a variety of secretarial duties that are consistent with the classification of Secretary-Advanced Level. Duties include maintaining the appointment calendar for the Personnel Director which involves prioritizing and scheduling meetings, and preparing the agenda; handling and sorting a wide variety of correspondence, and composing draft responses; screening confidential emails, telephone calls and visitors, and handling routine matters; assisting in the preparation of reports;

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jo-Anne Linares,
957-5240

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm

BACKGROUND: (CONT'D)

developing and maintaining database logs and document files; updating and distributing all HSD policies and procedures; and ensuring timely payment of invoices and contracts. Due to attrition, the division has relied on other clerical staff to perform these duties and the workload has become burdensome. The Department has determined that the vacant Personnel Technician position is no longer necessary and a Secretary-Advanced Level is more appropriate to perform these duties and responsibilities.

CONSEQUENCE OF NEGATIVE ACTION:

If this action is not approved, there is not adequate administrative staff to effectively support the Personnel/Payroll administration, which may impact the level of service it provides to the other divisions within the Health Services Department.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

P300 No. 21899 HSD

POSITION ADJUSTMENT REQUEST

NO. 21899
DATE 7/19/2016

Department Health Services

Department No./

Budget Unit No. 0540 Org No. 6547 Agency No. A18

Action Requested: Add one Secretary-Advanced Level position (J3TG) and cancel vacant Personnel Technician (AP7B) position #16117 in the Health Services Department.

Proposed Effective Date: 8/10/2016

Classification Questionnaire attached: Yes ☐ No ☒ / Cost is within Department's budget: Yes ☒ No ☐

Total One-Time Costs (non-salary) associated with request: \$0.00

Estimated total cost adjustment (salary / benefits / one time):

Total annual cost \$0.00

Net County Cost _____

Total this FY \$0.00

N.C.C. this FY _____

SOURCE OF FUNDING TO OFFSET ADJUSTMENT Annual Savings of \$5,483 (third party revenues)

Department must initiate necessary adjustment and submit to CAO.
Use additional sheet for further explanations or comments.

Jo-Anne Linares

(for) Department Head

REVIEWED BY CAO AND RELEASED TO HUMAN RESOURCES DEPARTMENT

Enid Mendoza

8/4/2016

Deputy County Administrator

Date

HUMAN RESOURCES DEPARTMENT RECOMMENDATIONS

DATE _____

Exempt from Human Resources review under delegated authority.

Amend Resolution 71/17 establishing positions and resolutions allocating classes to the Basic / Exempt salary schedule.

Effective: ☒ Day following Board Action.

☐ _____(Date)

(for) Director of Human Resources

Date

COUNTY ADMINISTRATOR RECOMMENDATION:

DATE

8/4/2016

☐ Approve Recommendation of Director of Human Resources

☐ Disapprove Recommendation of Director of Human Resources

☒ Other: Approve as recommended by the department.

Enid Mendoza

(for) County Administrator

BOARD OF SUPERVISORS ACTION:

Adjustment is APPROVED ☐ DISAPPROVED ☐

David J. Twa, Clerk of the Board of Supervisors
and County Administrator

DATE _____

BY _____

APPROVAL OF THIS ADJUSTMENT CONSTITUTES A PERSONNEL / SALARY RESOLUTION AMENDMENT

POSITION ADJUSTMENT ACTION TO BE COMPLETED BY HUMAN RESOURCES DEPARTMENT FOLLOWING BOARD ACTION

Adjust class(es) / position(s) as follows:

REQUEST FOR PROJECT POSITIONS

Department _____

Date 8/4/2016

No. xxxxxx

1. Project Positions Requested:
2. Explain Specific Duties of Position(s)
3. Name / Purpose of Project and Funding Source (do not use acronyms i.e. SB40 Project or SDSS Funds)
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(services, supplies, equipment, etc.)
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 - ☐ b. Existing employment list(s) Which one(s)? _____
 - ☐ c. Direct appointment of:
 - ☐ 1. Merit System employee who will be placed on leave from current job
 - ☐ 2. Non-County employee

Provide a justification if filling position(s) by C1 or C2

USE ADDITIONAL PAPER IF NECESSARY



**Contra
Costa
County**

To: Board of Supervisors
From: William Walker, M.D., Health Services
Date: August 9, 2016

Subject: ADD one (1) full time Medical Social Worker I and cancel two (2) part time Medical Social Worker I in the Health Services Department

RECOMMENDATION(S):

ADOPT Position Adjustment Resolution No. 21900 to add one (1) permanent full time Medical Social Worker I (X4WB) position at salary plan and grade level 366 – 1369 (\$4,317 – \$5,247) and cancel two (2) permanent part time Medical Social Worker I (X4WB) positions #15714 (24 hr) and #15715 (8 hr) in the Health Services Department. (Represented)

FISCAL IMPACT:

Upon approval, this action has an annual cost of approximately \$5,379, which includes approximate pension costs of \$4,471. Costs will be funded by Hospital Enterprise Fund I. (100%)

BACKGROUND:

The Health Services Department is requesting to add a full time Medical Social Worker I position and cancel two existing part time Medical Social Worker I positions for the Miller Wellness Center. Health Services Department has found full time Medical Social Workers working in the Miller Wellness Center add significant continuity and consistency for their patient population.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

Contact: Melissa Carofanello -
melissa.carofanello@hsd.cccounty.us - 925-957-5248

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board
of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

In addition the Health Services Department has historical had more difficulty filling part time Medical Social Worker positions. The Department has determined a full time Medical Social Worker is more appropriate staffing option than two part time Medical Social Worker positions.

CONSEQUENCE OF NEGATIVE ACTION:

If this action is not approved, the Health Services Department will not be able to have the appropriate staffing nor will Miller Wellness Center have the necessary continuity and consistency of care for its patient population.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

P300 No. 21900 HSD

POSITION ADJUSTMENT REQUEST

NO. 21900
DATE 7/28/2016

Department HEALTH SERVICES

Department No./

Budget Unit No. 0540 Org No. 6417 Agency No. A18

Action Requested: Add one full time Medical Social Worker I (X4WB) position and cancel two vacant part time Medical Social Worker I (X4WB) positions in the Health Services Department.

Proposed Effective Date: 8/10/2016

Classification Questionnaire attached: Yes ☐ No ☒ / Cost is within Department's budget: Yes ☒ No ☐

Total One-Time Costs (non-salary) associated with request: \$0.00

Estimated total cost adjustment (salary / benefits / one time):

Total annual cost \$5,379.72

Net County Cost \$0.00

Total this FY \$4,931.41

N.C.C. this FY \$0.00

SOURCE OF FUNDING TO OFFSET ADJUSTMENT Enterprise I Fund

Department must initiate necessary adjustment and submit to CAO.
Use additional sheet for further explanations or comments.

Melissa Carofanello

(for) Department Head

REVIEWED BY CAO AND RELEASED TO HUMAN RESOURCES DEPARTMENT

Enid Mendoza

8/4/2016

Deputy County Administrator

Date

HUMAN RESOURCES DEPARTMENT RECOMMENDATIONS

DATE _____

Exempt from Human Resources review under delegated authority.

Amend Resolution 71/17 establishing positions and resolutions allocating classes to the Basic / Exempt salary schedule.

Effective: ☒ Day following Board Action.

☐ _____(Date)

(for) Director of Human Resources

Date

COUNTY ADMINISTRATOR RECOMMENDATION:

DATE

8/4/2016

☐ Approve Recommendation of Director of Human Resources

☐ Disapprove Recommendation of Director of Human Resources

☒ Other: Approve as recommended by the department.

Enid Mendoza

(for) County Administrator

BOARD OF SUPERVISORS ACTION:

Adjustment is APPROVED ☐ DISAPPROVED ☐

David J. Twa, Clerk of the Board of Supervisors
and County Administrator

DATE _____

BY _____

APPROVAL OF THIS ADJUSTMENT CONSTITUTES A PERSONNEL / SALARY RESOLUTION AMENDMENT

POSITION ADJUSTMENT ACTION TO BE COMPLETED BY HUMAN RESOURCES DEPARTMENT FOLLOWING BOARD ACTION

Adjust class(es) / position(s) as follows:

REQUEST FOR PROJECT POSITIONS

Department _____

Date 8/4/2016

No. _____

1. Project Positions Requested:
2. Explain Specific Duties of Position(s)
3. Name / Purpose of Project and Funding Source (do not use acronyms i.e. SB40 Project or SDSS Funds)
4. Duration of the Project: Start Date _____ End Date _____
Is funding for a specified period of time (i.e. 2 years) or on a year-to-year basis? Please explain.
5. Project Annual Cost
 - a. Salary & Benefits Costs: _____
 - b. Support Costs: _____
(services, supplies, equipment, etc.)
 - c. Less revenue or expenditure: _____
 - d. Net cost to General or other fund: _____
6. Briefly explain the consequences of not filling the project position(s) in terms of:
 - a. potential future costs
 - b. legal implications
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 - d. political implications
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9. How will the project position(s) be filled?
 - ☐ a. Competitive examination(s)
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 - ☐ c. Direct appointment of:
 - ☐ 1. Merit System employee who will be placed on leave from current job
 - ☐ 2. Non-County employee

Provide a justification if filling position(s) by C1 or C2

USE ADDITIONAL PAPER IF NECESSARY



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services
Date: August 9, 2016

Subject: ADD one (1) full time Substance Abuse Counselor position in the Health Services Department.

RECOMMENDATION(S):

ADOPT Position Adjustment Resolution No. 21901 to add one (1) Substance Abuse Counselor (VHVC) position at salary plan and grade level TC5 – 1436 (\$4,797 – \$5,831) in the Health Services Department. (Represented)

FISCAL IMPACT:

Upon approval, this action will have an annual cost of approximately \$116,008, which includes an approximate pension cost of \$24,843. Costs will be 100% funded by third party revenues, including court fines for the administration of the alcohol and drug assessment program.

BACKGROUND:

The Health Services Department is requesting to add a Substance Abuse Counselor position for its mandated Alcohol and Drug Assessment program. California Vehicle Code requires each county's alcohol and drug administrator or the administrator's designee develop an alcohol and drug assessment program. This legislation has the provision for the Court to levy

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

Contact: Melissa Carofanello -
melissa.carofanello@hsd.cccounty.us - 925-957-5248

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board
of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

finances which fund the Alcohol and Drug Assessment programs throughout the state. The Department has determined a full time Substance Abuse Counselor would be appropriate classification to provide the work needed to fulfill the needs of this mandated program.

CONSEQUENCE OF NEGATIVE ACTION:

If this action is not approved, the Health Services Department Alcohol and Other Drug Program will not be able to have the appropriate level of staffing for its Alcohol and Drug Assessment Program mandated by California Vehicle Code.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

P300 No. 21901 HSD

POSITION ADJUSTMENT REQUEST

NO. 21901
DATE 7/28/2016

Department HEALTH SERVICES

Department No./

Budget Unit No. 0466 Org No. 5938 Agency No. A18

Action Requested: Add one Substance Abuse Counselor (VHVC) position in the Health Services Department.

Proposed Effective Date: 8/10/2016

Classification Questionnaire attached: Yes ☐ No ☒ / Cost is within Department's budget: Yes ☐ No ☒

Total One-Time Costs (non-salary) associated with request: \$0.00

Estimated total cost adjustment (salary / benefits / one time):

Total annual cost \$116,008.54

Net County Cost \$0.00

Total this FY \$106,341.16

N.C.C. this FY \$0.00

SOURCE OF FUNDING TO OFFSET ADJUSTMENT 3rd Party Revenues g

Department must initiate necessary adjustment and submit to CAO.

Use additional sheet for further explanations or comments.

Melissa Carofanello

(for) Department Head

REVIEWED BY CAO AND RELEASED TO HUMAN RESOURCES DEPARTMENT

Enid Mendoza

8/4/2016

Deputy County Administrator

Date

HUMAN RESOURCES DEPARTMENT RECOMMENDATIONS

DATE _____

Exempt from Human Resources review under delegated authority.

Amend Resolution 71/17 establishing positions and resolutions allocating classes to the Basic / Exempt salary schedule.

Effective: ☒ Day following Board Action.

☐ _____(Date)

(for) Director of Human Resources

Date

COUNTY ADMINISTRATOR RECOMMENDATION:

DATE

8/4/2016

☐ Approve Recommendation of Director of Human Resources

☐ Disapprove Recommendation of Director of Human Resources

☒ Other: Approve as recommended by the department.

Enid Mendoza

(for) County Administrator

BOARD OF SUPERVISORS ACTION:

Adjustment is APPROVED ☐ DISAPPROVED ☐

David J. Twa, Clerk of the Board of Supervisors
and County Administrator

DATE _____

BY _____

APPROVAL OF THIS ADJUSTMENT CONSTITUTES A PERSONNEL / SALARY RESOLUTION AMENDMENT

POSITION ADJUSTMENT ACTION TO BE COMPLETED BY HUMAN RESOURCES DEPARTMENT FOLLOWING BOARD ACTION

Adjust class(es) / position(s) as follows:

REQUEST FOR PROJECT POSITIONS

Department _____

Date 8/4/2016

No. _____

1. Project Positions Requested:
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 - ☐ 2. Non-County employee

Provide a justification if filling position(s) by C1 or C2

USE ADDITIONAL PAPER IF NECESSARY



**Contra
Costa
County**

To: Board of Supervisors
From: Kathy Ito, Human Resources Consultant
Date: August 9, 2016

Subject: Adopt Resolution No. 2016/484 Adjusting Salary and Steps of Specific Classifications and Incumbents

RECOMMENDATION(S):

Adopt Position Resolution No. 2016/484 for the following actions:

1. Effective May 1, 2016, adjust the salary step of four recently promoted incumbents in the Principal Planner-Level A (5AHD) classification from Step 3 to Step 6 for incumbents 62134, 64114, 67446, and from Step 3 to Step 5 for incumbent 66995;
2. Effective July 1, 2016, adjust the salary step of the incumbent in the reclassification of Chief Assistant County Counsel from Step 4 to Step 5; and
3. Effective September 1, 2016, add two additional five percent (5%) merit steps to the classifications of Deputy County Clerk-Recorder-Exempt (ALB2), Assistant County Registrar-Exempt (ALB1), and Assistant County Clerk-Recorder-Exempt (ALB3).

FISCAL IMPACT:

The costs associated with these actions are budgeted in each affected department for FY 2016/17.

BACKGROUND:

1. Effective May 1, 2016, the Department of Conservation and Development promoted four DCD Planner III's to Principal Planner-Level A, following a competitive recruitment. Prior to their appointments, the four employees received differential pay of five to ten percent on a regular basis as allowed under the Local 21

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Lisa Lopez
335-1779

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Lisa Lopez, Assistant Director of Human Resources, Harjit S. Nahal, Assistant County Auditor, John Kopchik, DCD Director, Joseph Canciamilla, County Clerk-Recorder-Registrar, Sharon Anderson, County Counsel

BACKGROUND: (CONT'D)

>

MOU (Section 42.17) in recognition of their complex and special assignments. The differential pay is not available to Principal Planner classifications.

Based on the Salary Regulations rules on promotion, the specialized differential is not used to calculate step placement upon promotion, which resulted in these employees receiving a cut to pay. This serves as a disincentive for competent employees to take promotions. Consequently, the County Administrator is recommending that an exception be made to move three of the employees from Step 3 to Step 6 (Employee Numbers: 62134, 64114, and 67446) and one of the employees from Step 3 to Step 5 (Employee Number 66995).

2. On May 10, 2016, the Board adopted a Resolution effective July 1, 2016, to reclassify an employee from Assistant County Counsel-Exempt (2ED1) position #14077 to the Chief Assistant County Counsel (2ED2). Based on the Salary Regulations rules on promotion, the incumbent was placed at Step 4 of the salary range. Due to the incumbent's extensive background and experience and the importance of this position to the department, the County Counsel recommended that the initial placement be at Step 5 on the salary range.
3. The base salaries for the classifications of Deputy County Clerk-Recorder-Exempt (ALB2), Assistant County Registrar-Exempt (ALB1), and Assistant County Clerk-Recorder-Exempt (ALB3) are not competitive. The County Clerk-Recorder-Registrar has requested that the salary range for the above classes be extended by two additional steps at five percent (5%) each.

CONSEQUENCE OF NEGATIVE ACTION:

If this action is not approved, incumbents in positions listed will be adversely impacted by having to take reductions in pay to accept promotional opportunities. The Office of Clerk-recorder may struggle to retain key management personnel.

ATTACHMENTS

Resolution No. 2016/484

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/484

IN THE MATTER OF adjusting the Salary step for incumbents in the Department of Conservation and Development and County Counsel and creating a new salary range for the Department of Clerk-Recorder

THE CONTRA COSTA COUNTY BOARD OF SUPERVISORS in its capacity as governing Board of the County of Contra Costa **RESOLVES THAT:**

WHEREAS, the salary regulations state that "Any employee who is appointed to a position of a class allocated to a higher salary range than the class he previously occupied shall receive the salary in the new salary range which is next higher than the rate he was receiving before promotion." and,

WHEREAS, incumbents in the Department of Conservation and Development 62134, 64114, 67446, 66995 were promoted to Principal Planner-Level A, effective May 1, 2016, and placed at a step according to the salary regulations rule on promotion; and WHEREAS, as recommended by the appointing authority, there is a need to recognize and compensate these employees accordingly by placing employees 62134, 64114, 67446 at Step 6 and employee 66995 at Step 5, of the salary range for the Principal Planner-Level A.

WHEREAS, the incumbent in the Office of County Counsel position #14077 was reclassified to the position of Chief Assistant County Counsel effective July 1, 2016 and placed at step 4 according to the salary regulations rule on promotion; and

WHEREAS, as recommended by the appointing authority, there is a need to recognize and compensate this employee accordingly by placing the employee at step 5 of the salary range for the Chief Assistant County Counsel; and

WHEREAS, it has been identified that the salaries for Deputy County Clerk-Recorder-Exempt (ALB2), Assistant County Registrar-Exempt (ALB1), and Assistant County Clerk-Recorder-Exempt (ALB3) are not competitive; and

NOW THEREFORE, BE IT RESOLVED:

1. Effective May 1, 2016, the salary step of four recently promoted incumbents in the class of Principal Planner-Level A (5AHD) shall be adjusted from Step 3 to Step 6 for incumbents 62134, 64114, 67446, and from Step 3 to Step 5 for incumbent 66995;
2. Effective July 1, 2016, the salary step of the incumbent in the class of Chief Assistant County Counsel shall be adjusted from Step 4 to Step 5; and
3. Effective September 1, 2016, two additional five percent (5%) merit steps shall be added to the salary plan for the classes of Deputy County Clerk-Recorder-Exempt (ALB2), Assistant County Registrar-Exempt (ALB1), and Assistant County Clerk-Recorder-Exempt (ALB3).

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Lopez 335-1779

By: , Deputy

cc: Lisa Lopez, Assistant Director of Human Resources, Harjit S. Nahal, Assistant County Auditor, John Kopchik, DCD Director, Joseph Canciamilla, County Clerk-Recorder-Registrar, Sharon Anderson, County Counsel



Contra
Costa
County

To: Board of Supervisors
From: David O. Livingston, Sheriff-Coroner
Date: August 9, 2016

Subject: State of California Department of Boating and Waterways Financial Assistance Program Grant

RECOMMENDATION(S):

ADOPT Resolution No. 2016/493 authorizing the Sheriff-Coroner, or designee, to apply for and accept a grant from the California Department of Boating and Waterways in an initial amount of \$738,249 for marine patrol and boating regulations enforcement beginning July 1, 2016 through the end of the available grant funding. This action supersedes action by the Board of Supervisors on February 9, 2016, item number C.47 in which a resolution was not attached.

FISCAL IMPACT:

Initial Revenue of \$738,249, 100% State funds. The Office of the Sheriff receives annual funding from the Department of Boating and Waterways that is incorporated in the baseline budget.

BACKGROUND:

The State of California Department of Boating and Waterways (DBW) provide funding to maintain the service level of the Office of the Sheriff's Marine Patrol Unit on the Delta Waterways. Marine patrol operations cost roughly \$2.4 million per year of which DBW has awarded \$638,249 for each of the past six years. Beginning July 1, 2016, DBW will fund an additional \$100,000 for a total initial amount of \$738,249. DBW funding provides the ability for more vigilant enforcement of boating regulations.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Sandra Brown
925-335-1553

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

Failure to secure State funding will result in a further reduction in Marine Patrol Services.

CHILDREN'S IMPACT STATEMENT:

None.

ATTACHMENTS

Resolution No. 2016/493

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐

NO: ☐

ABSENT: ☐

ABSTAIN: ☐

RECUSE: ☐



Resolution No. 2016/493

IN THE MATTER OF: Applying for and Accepting the FY 2016/2017 State of California Department of Boating and Waterways Financial Assistance Program Grant.

WHEREAS the County of Contra Costa is seeking funds available through the State of California Department of Boating and Waterways Financial Assistance Program Grant.

NOW, THEREFORE IT BE RESOLVED that the Board of Supervisors: Authorizes the Sheriff-Coroner, Undersheriff or the Sheriff's Chief of Management Services, to execute for and on behalf of the County of Contra Costa, a public entity established under the laws of the State of California, any actions necessary for the purpose of obtaining State financial assistance provided by the State of California.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Sandra Brown 925-335-1553

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors
From: David O. Livingston, Sheriff-Coroner
Date: August 9, 2016

Subject: State of California Office of Traffic Safety Grant

RECOMMENDATION(S):

ADOPT Resolution No. 2016/494 authorizing the Sheriff-Coroner, or designee, to apply for and accept a grant from the California Office of Traffic Safety in an initial amount of \$323,726 for the Sheriff's Forensic Services Unit replacement of breath alcohol instruments beginning October 1, 2016 to the end of the grant period. This action supersedes action by the Board of Supervisors on March 1, 2016, item number C.66 in which a resolution was not attached.

FISCAL IMPACT:

Initial revenue of \$323,726.00, 100% State funds.

BACKGROUND:

Contra Costa County, Office of the Sheriff, Criminalistics Laboratory currently maintains 24 breath alcohol instruments. The instruments were purchased 17 years ago and are in an increasing rate of repair. The OTS Grant will allow the Criminalistics Laboratory to replace the aging instruments with new technologically advanced breath alcohol instruments. In addition, OTS grant funds will allow for training of laboratory and law enforcement personnel on the theory and operation of the new breath alcohol instruments. The OTS grant will ensure that Criminalistics Laboratory will be able to maintain this efficient and cost effective breath alcohol program to our law enforcement agencies.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Sandra Brown
925-335-1553

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

Negative action on this item would not allow the Criminalistics Laboratory to maintain this effective breath alcohol program to our law enforcement agencies.

CHILDREN'S IMPACT STATEMENT:

None.

ATTACHMENTS

Resolution No. 2016/494

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/494

IN THE MATTER OF: Applying for and Accepting a grant from the California Office of Traffic Safety.

WHEREAS the County of Contra Costa is seeking funds available through the State of California Office of Traffic Safety.

NOW, THEREFORE IT BE RESOLVED that the Board of Supervisors: Authorizes the Sheriff-Coroner, Undersheriff or the Sheriff's Chief of Management Services, to execute for and on behalf of the County of Contra Costa, a public entity established under the laws of the State of California, any actions necessary for the purpose of obtaining State financial assistance provided by the State of California.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Sandra Brown 925-335-1553

By: , Deputy

cc:



**Contra
Costa
County**

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Amendment Agreement #29-502-40 with the Department of Health Care Services

RECOMMENDATION(S):

Approve and authorize the Health Services Director or his designee, to execute, on behalf of the County, Standard Amendment Agreement #29-502-40 (State 14-90053, A05) with the Department of Health Care Services, effective July 1, 2014, to amend Standard Agreement #29-502-34 (as amended by Amendment Agreements #29-502-35 through #29-502-39), to decrease the amount payable to County by \$236,392, from \$32,831,844 to a new payment limit not to exceed in funding, \$32,595,452, with no change in the original term of July 1, 2014 through June 30, 2017.

FISCAL IMPACT:

Approval of this amendment agreement will result in a decrease of \$236,392 in the 2014; 2015 and 2016 Substance Abuse Services, Prevention and Treatment (SAPT) Program Block Grant and State General Fund Awards. No County match required.

BACKGROUND:

The Standard Agreement #29-502 is a combined Negotiated Net Amount (NNA) and Drug/Medi-Cal contract. The NNA Agreement requires counties to provide Drug/Medi-Cal services up to their full State General Fund allocation for Drug/Medi-Cal match. If the required services

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon,
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Tasha Scott, M Wilhelm

BACKGROUND: (CONT'D)

exceed the allocation, counties may access Drug/Medi-Cal reserve set aside for this purpose.

On December 2, 2014, the Board of Supervisors approved Standard Agreement #29-502-34 (as amended by Amendment Agreements #29-502-35 through #29-502-39), with the Department of Health Care Services, for the period from July 1, 2014 through June 30, 2017, to provide Substance Abuse Prevention and Treatment services.

Approval of this Standard (Amendment) Agreement #29-502-40, will decrease funding and make technical adjustment to the budgets for the SAPT Block Grants and State General Fund Award with no change in the original term, through June 30, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this amendment is not approved the County will not be able to make adjustments to the budget and continue to receive funds to support the Substance Abuse Services, Prevention and Treatment Program.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Interagency Agreement #29-602 with The Tides Center

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Interagency Agreement #29-602 with The Tides Center, a non-profit corporation, to pay County an amount not to exceed \$253,000, to provide mental health services and crisis intervention for the School Engagement Program, for the period from July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

Approval of this Interagency Agreement will result in an amount not to exceed \$253,000 from The Tides Center. No County match required.

BACKGROUND:

The Tides Center, Lincoln Child Center and the Health Services Department will collaborate to provide mental health services and crisis intervention to students enrolled in Contra Costa County schools and their families through the School Engagement Program. The County's Health Services Department will subcontract with Lincoln Child Center to provide mental health services and crisis intervention to students who have been referred to the School Engagement Program through the State of California Court Parent Truancy Program, the County's District Attorneys'

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon,
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: T Scott, M Wilhelm

BACKGROUND: (CONT'D)

Office and the Contra Costa County Office of Education.

Under Interagency Agreement #29-602 will allow The Tides Center to pay the County for mental health services and crisis intervention for students and their families enrolled in Contra Costa County schools, through June 30, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this agreement is not approved, the County will not be able to provide these mental health services and crisis intervention under the School Engagement Program to students and their families in the Contra Costa County.

CHILDREN'S IMPACT STATEMENT:

This program supports the following Board of Supervisors' community outcomes: "Children Ready For and Succeeding in School"; "Families that are Safe, Stable, and Nurturing"; and "Communities that are Safe and Provide a High Quality of Life for Children and Families". Expected program outcomes include an increase in positive social and emotional development as measured by the Child and Adolescent Functional Assessment Scale (CAFAS).



Contra
Costa
County

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: 2014-15 CA Dept of Educ CalWORKS Stage 2 childcare revenue contract amend 3

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Employment & Human Services Director, or designee, to execute a contract amendment with the California Department of Education to increase the payment limit by \$269,145 to new payment limit of \$4,307,390, to provide for childcare and development programs (CalWORKS Stage 2) with no change to term July 1, 2014 through June 30, 2015.

FISCAL IMPACT:

100% State funding
No County match
State: C2AP 4009 Amend 3
County: 29-213-25b

BACKGROUND:

The Board approved receipt of funding from the California Department of Education for the 2014-15 funding allocation for alternative payment / CalWORKS Stage 2 childcare services on July 8, 2014 (C.65). This State program provides funding to reimburse a portion of the childcare costs incurred by CalWORKS Stage 2 participants

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: CSB (925)
681-6304

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Jagjit Bhambra, Eric Pormento, Cassandra Youngblood

BACKGROUND: (CONT'D)

through their participation in the CalWORKS program. The State routinely adds funds to the contract as more funding becomes available throughout the program year. On June 9, 2015 the Board approved receipt of additional funding in amendment #1 (C.67). The additional funding was due to the over earning of the 2014-15 Alternative Payment/CalWORKs Stage 2 contract.

The board approved a second amendment to this agreement on September 15, 2015 (C.47). The amendment was generated from the California Department of Education Attendance and Fiscal Reporting and Reimbursement Procedures for Child Development which states: "Contractors will be required to submit supporting documentation with their request. State will determine the Contractor's appropriate need and will augment the maximum reimbursable amount (MRA) provided there is available funding. Contractors will receive notification from State of the augmentation amount, followed by a contract amendment to increase the MRA." The department submitted the supporting documentation for funding augmentation to the State in July 2015. On August 24, 2015, the Department received contract amendment #2 from California Department of Education increasing the 2014-15 Alternative Payment/CalWORKs Stage 2 funding allocation by \$182,388 which represented the full amount requested.

This amendment is for the additional funding due to the over earning of the 2014-15 Alternative Payment/CalWORKs Stage 2 contract. The State's Attendance and Fiscal Reporting and Reimbursement Procedures for Child Development Contracts state that "Contractors will be required to submit supporting documentation with their request. Child Development Fiscal Services (CDFS) will determine the contractor's appropriate need and will augment the Maximum reimbursable Amount (MRA) provided there is available funding. Contractors will receive notification from CDFS of the augmentation amount, followed by a contract amendment from the Contracts Office increasing the MRA. Contractors receiving an MRA augmentation should sign and return the amendment immediately so that it can be executed while the funds are available. Until the amendment is fully executed, the current MRA remains in effect."

Community Services Bureau submitted the supporting documentation for funding augmentation to the State on July 2015. On July 22, 2016, the Department received contract amendment #3 from California Department of Education, increasing the 2014-15 Alternative Payment/CalWORKs Stage 2 funding allocation by \$269,145 representing the full amount requested by the CSB. Without an approved board order, the Department will not receive the additional funds.

CONSEQUENCE OF NEGATIVE ACTION:

If not approved, County will not have funds to operate CalWORKS Stage 2 childcare program.

CHILDREN'S IMPACT STATEMENT:

The Employment & Human Services Department Community Services Bureau supports three of Contra Costa County's community outcomes - Outcome 1: "Children Ready for and Succeeding in School," Outcome 3: "Families that are Economically Self-sufficient," and, Outcome 4: "Families that are Safe, Stable, and Nurturing." These outcomes are achieved by offering comprehensive services, including high quality early childhood education, nutrition, and health services to low-income children throughout Contra Costa County.



Contra
Costa
County

To: Board of Supervisors
From: Gus Kramer, Assessor
Date: August 9, 2016

Subject: SamClar Purchase Order for Assessor Office Remodel

RECOMMENDATION(S):

Approve and authorize the Purchasing Agent on behalf of the Assessor's Office to execute a Purchase Order with SamClar in an amount not to exceed \$790,790 for seating, work stations, and filing systems for the period August 9, 2016 through July 31, 2017.

FISCAL IMPACT:

100% General Fund

BACKGROUND:

In 2001, the Assessor's Office moved to 2530 Arnold Drive, Suite 400 in Martinez. Due to budgetary constraints, the Department purchased used/re-furbished office landscape partitions (OLP). Metal desks, vertical file cabinets, book shelves, and chairs from surplus have been used to complete/supplement work stations. The Department is planning to replace the OLP and chairs so that staff will have complete work stations that are ergonomic and adjustable. Also, to better utilize space, the Department is planning to replace vertical files and book shelves with a more efficient design.

CONSEQUENCE OF NEGATIVE ACTION:

Without approval of the Purchase Order, the Assessor's Office could not provide ergonomic furniture throughout the Suite and more efficient filing systems.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Sara Holman
925-313-7503

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: Robert Half International, Inc. contract amendment

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract amendment with Robert Half International, Inc., effective June 30, 2016, to increase the payment limit by \$723,200 to a new payment limit of \$2,287,025 to provide additional temporary information technology services and extend the term from June 30, 2016 to a new term ending June 30, 2017.

FISCAL IMPACT:

\$2,287,025 (including amendment increase of \$723,200), Administrative Overhead, 10% County, 45% State, 45% Federal

BACKGROUND:

The Employment and Human Services Department (EHSD) needs information technology professional (IT) staff on a temporary basis to meet staffing needs while EHSD is actively recruiting to secure permanent IT professionals. This amendment will allow Robert Half, International, Inc. to address four key areas: project managers for short term projects, application developers for projects outside of the programming skills of current staff, database administrator services to provide staff absentee coverage, and computer technicians to augment staff during major implementation projects.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Elaine Burres,
313-1717

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CONSEQUENCE OF NEGATIVE ACTION:

The Employment and Human Services Department would not be able to meet and/or sustain information technology service needs.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: APPROVE and AUTHORIZE a contract amendment with Plan B Works

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Public Works Director, or designee, to execute a contract amendment with Plan B Works, to increase the payment limit by \$150,000, to a new payment limit of \$385,000, effective August 9, 2016, and to extend the termination date from November 9, 2016 to February 2, 2017, to assist in the creation of asset management decision support tools, Countywide.

FISCAL IMPACT:

100% Various Special Revenue Funds

BACKGROUND:

On November 17, 2015, the Public Works Director approved a contract with Plan B Works for \$235,000 to provide business analysis services for the creation of asset management decision support tools. The deliverables of the original contract included:

- The re-engineering of existing software
- The establishment of performance metrics for asset management
- The creation of an asset management dashboard
- Energy management modeling

During the course of this work, affecting the requested changes to existing business processes and software took longer than expected due to high turnover, limited resources, and unforeseen complications. Due to this schedule slippage, some work remains on the first three deliverables; work on energy

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Barry Schamach (925)
313-2185

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

management modeling has not yet begun. Additionally, there have been new deliverables identified that were not covered in the original contract's scope of work:

- 1.

BACKGROUND: (CONT'D)

A new application for transmittal of building cost data into the Finance system

- A 5-year 'Capital Renewal Budget' for Contra Costa County-owned buildings

The Public Works Department respectfully request the approval of this amendment to provide funding and time to complete the remaining business analysis required for Public Works to create decision support software for asset management.

CONSEQUENCE OF NEGATIVE ACTION:

Without approval from the Board of Supervisors, key components of an Asset Management Solution will not be created, including energy management modeling.



Contra
Costa
County

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: Contract with Lincoln

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Employment and Human Services Director, or designee, to execute a contract with Lincoln, a non-profit corporation, in an amount not to exceed \$118,956 to provide services at Park Middle School, Antioch, to youth and their families to improve school engagement, prevent juvenile justice involvement, and reduce recidivism for the period of November 1, 2016 through October 31, 2017. (100% Federal)

FISCAL IMPACT:

\$118,956.00: 100% Federal (Edward Byrne Memorial Justice Assistance Grant [JAG])

BACKGROUND:

Contra Costa County, through its Contra Costa County Employment & Human Services Department, Zero Tolerance for Domestic Violence Initiative, was awarded a three-year Justice Assistance Grant (JAG) in order to implement the Youth Justice Initiative (YJI) in Contra Costa County. County is engaging Lincoln to provide services at Park Middle School in Antioch and carry out activities related to the implementation of the Wellness Room in accordance with the YJI.

Services to be provided include: support

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Gina Chenoweth,
313-1648

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

students and families, provide on-campus individual or group therapy to referred students and their families, provide guidance and support to the Wellness Room staff, refer students and their families to necessary resources in the community, assist in addressing behavior issues in on-campus School Success Team meetings, provide increased access to clinical mental health services on campus, contribute to an improved school climate measured by pre- and post-test student surveys, and contribute to reductions in disciplinary referrals, suspensions, and expulsions.

CONSEQUENCE OF NEGATIVE ACTION:

East County youth at Park Middle School and their families will not have access to innovation evidence-based practices to improve school engagement, successfully prevent juvenile justice involvement, and reduce recidivism.

CHILDREN'S IMPACT STATEMENT:

The services provided under this contract supports four of the five Contra Costa County's community outcomes: (1) "Children Ready for and Succeeding in School"; (2) "Children and Youth Healthy and Preparing for Productive Adulthood"; (4) "Families that are Safe, Stable and Nurturing"; and (5) "Communities that are Safe and Provide a High Quality of Life for Children and Families" by improving school engagement, successfully preventing juvenile justice involvement, and reducing recidivism.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #74-524 with Kermit Johnson, M.D.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #74-524 with Kermit Johnson, M.D., an individual, in an amount not to exceed \$232,960, to provide outpatient psychiatric services for mentally ill adults in Central County for the period from August 15, 2016 through July 31, 2017.

FISCAL IMPACT:

This Contract is funded 100% Mental Health Realignment.

BACKGROUND:

Under Contract #74-524, Contractor will provide outpatient psychiatric services, including but not limited to: diagnosing, counseling, evaluating, providing medical and therapeutic treatment for mentally ill adults in Central County for the period from August 15, 2016 through July 31, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, patients requiring outpatient psychiatric services will not have access to Contractor's services.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon,
925-957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #74-088-14 with FCS, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #74-088-14 with FCS, Inc., a corporation, in an amount not to exceed \$104,000, to provide psychiatric recruitment services for the Behavioral Health Services Division, Mental Health Adult Outpatient Psychiatry Program, for the period from August 1, 2016 through July 31, 2017.

FISCAL IMPACT:

This Contract is funded 100% Mental Health Realignment.

BACKGROUND:

Under Contract #74-088-14, the Contractor will provide recruitment services, for qualified candidates whom County may consider hiring as Psychiatrists for the Behavioral Health Services Division, Mental Health Adult Outpatient Psychiatry Program, for the period from August 1, 2016 through July 31, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, County will not receive recruitment services provided by this Contractor.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon, 925
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #74-446-4 with Neil Sachs, M.D.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #74-446-4 with Neil Sachs, M.D., an individual, in an amount not to exceed \$218,400, to provide outpatient psychiatric services to patients in West County for the period from October 1, 2016 through September 30, 2017.

FISCAL IMPACT:

This Contract is funded 100% Mental Health Realignment. (No rate increase)

BACKGROUND:

On October 6, 2015, the Board of Supervisors approved Contract #74-446-3 with Neil Sachs, M.D., for the provision of outpatient psychiatric care including, but not limited to: diagnosis, counseling, evaluation, medical and therapeutic treatment, and medical and therapeutic staff training for adult patients in West County for the period from October 1, 2015 through September 30, 2016. Approval of Contract #74-446-4 will allow the Contractor to continue providing psychiatric services through September 30, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, patients requiring outpatient psychiatric care in West County will not have access to Contractor's services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

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ATTESTED: August 9, 2016

Contact: Cynthia Belon,
925-957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #27-809-3 with Diablo Valley Oncology and Hematology Medical Group, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or designee, to execute, on behalf of the County, Contract #27-809-3 with Diablo Valley Oncology and Hematology Medical Group, Inc., a corporation, in an amount not to exceed \$2,000,000, to provide hematology, oncology and urology services to Contra Costa Health Plan members for the period from August 1, 2016 through July 31, 2018.

FISCAL IMPACT:

This Contract is funded 100% Contra Costa Health Plan Enterprise Fund II. (No rate increase)

BACKGROUND:

On September 9, 2014, the Board of Supervisors approved Contract #27-809-2 with Diablo Valley Oncology and Hematology Medical Group, Inc. for the provision of hematology, oncology and urology services to Contra Costa Health Plan members, for the period from August 1, 2014 through July 31, 2016. Approval of Contract #27-809-3 will allow Contractor to continue providing hematology, oncology and urology services through July 31, 2018.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, certain specialized professional health care services for its members under the terms of their Individual and Group Health Plan membership contracts with the County will not be provided.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd , M Wilhelm

CHILDREN'S IMPACT STATEMENT:

NOT APPLICABLE



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #27-883-3 with Mt. Diablo-Solano Oncology Group Medical Associates

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #27-883-3 with Mt. Diablo-Solano Oncology Group Medical Associates, a corporation, in an amount not to exceed \$3,000,000, to provide hematology/oncology services to Contra Costa Health Plan members for the period from August 1, 2016 through July 31, 2018.

FISCAL IMPACT:

This Contract is funded 100% Contra Costa Health Enterprise Fund II. (No rate increase)

BACKGROUND:

On July 29, 2014, the Board of Supervisors approved Contract #27-883-2 with Mt. Diablo-Solano Oncology Group Medical Associates for the provision of hematology/oncology services to Contra Costa Health Plan members, for the period from July 1, 2014 through July 31, 2016. Approval of Contract #27-883-3 will allow Contractor to continue providing hematology/oncology services through July 31, 2018.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, certain specialized professional health care services for its members under the terms of their Individual and Group Health Plan membership contracts with the County will not be provided.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd , M Wilhelm

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #27-945-1 with Contra Costa Infectious Disease Medial Group, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #27-945-1 with Contra Costa Infectious Disease Medical Group, Inc., a corporation, in an amount not to exceed \$200,000, to provide infectious disease services to Contra Costa Health Plan members, for the period from August 1, 2016 through July 31, 2018.

FISCAL IMPACT:

This Contract is funded 100% Contra Costa Health Plan Enterprise Fund II. (No Rate Increase)

BACKGROUND:

In October 2014, the County Administrator approved and the Purchasing Services Manager executed Contract #27-945 with Contra Costa Infectious Disease Medical Group, Inc., for the provision of infectious disease services to Contra Costa Health Plan members, for the period from August 1, 2014 through July 31, 2016.

Approval of Contract #27-945-1 will allow the Contractor to continue providing infectious disease services to Contra Costa Health Plan members through July 31, 2018.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd, M Wilhelm

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, certain specialized professional health care services for its members under the terms of their Individual and Group Health Plan membership contracts with the County will not be provided.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



**Contra
Costa
County**

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract Amendment Agreement #27-973-1 with Johnson & Johnson Health and Wellness Solutions, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract Amendment Agreement #27-973-1 with Johnson & Johnson Health and Wellness Solutions, Inc., a non-profit corporation, effective August 1, 2016, to amend Contract #27-973, with no change in the Payment Limit of \$225,000, to modify the rate sheet to add pricing for printed versions of the Health Risk Assessment, with no change in the original term of June 1, 2015 through May 31, 2018.

FISCAL IMPACT:

This amendment is funded 100% Contra Costa Health Plan Enterprise Fund II. (Rate increase)

BACKGROUND:

On August 25, 2015, the Board of Supervisors approved Contract #27-973 with Johnson & Johnson Health and Wellness Solutions, Inc., for the provision of web-based online Health Risk Assessment services to adult Medi-Cal Contra Costa Health plan members, for the period from June 1, 2015 through May 31, 2018. Approval of Contract Amendment Agreement #27-973-1 will allow the County to modify the rate sheet to add pricing for printed versions of the Health Risk Assessment and allow the Contractor to continue providing services through May 31, 2018.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd , M Wilhelm

CONSEQUENCE OF NEGATIVE ACTION:

If this amendment is not approved, CCHP members will not have access to the printed versions of the on-line web-based health risk assessment system and will not take part in the health assessment that is part of the County's Health Plan accreditation.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #27-480-10 with Kon Hsin W. Chen (dba K.H. Connie Wang, O.D.)

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or designee, to execute, on behalf of the County, Contract #27-480-10 with Kon Hsin W. Chen (dba K.H. Connie Wang, O.D.), an individual, in an amount not to exceed \$150,000, to provide optometry services, to Contra Costa Health Plan members for the period from August 1, 2016 through July 31, 2018.

FISCAL IMPACT:

This Contract is funded 100% Contra Costa Health Plan Enterprise Fund II. (No rate increase)

BACKGROUND:

On September 23, 2014, the Board of Supervisors approved Contract #27-480-9 with K.H. Connie Wang-Chen, O.D., for the provision of optometry services, to Contra Costa Health Plan members for the period from August 1, 2014 through July 31, 2016. Approval of Contract #27-480-10 will allow Contractor to continue providing optometry services through July 31, 2018.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, certain specialized health care services for its members under the terms of their Individual and Group Health Plan membership contract with the County will not be provided.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd, M Wilhelm

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #27-943-1 with Affiliates In Imaging, A Medical Group, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #27-943-1 with Affiliates In Imaging, A Medical Group, Inc., a corporation, in an amount not to exceed \$300,000, to provide diagnostic imaging interpretation services to Contra Costa Health Plan members for the period from August 1, 2016 through July 31, 2018.

FISCAL IMPACT:

This Contract is funded 100% Contra Costa Health Plan Enterprise Fund II. (No rate increase)

BACKGROUND:

On August 12, 2014, the Board of Supervisors approved Contract #27-943 with Affiliates In Imaging, A Medical Group, Inc., for the provision of diagnostic imaging interpretation services to Contra Costa Health plan members, for the period from August 1, 2014 through July 31, 2016. Approval of Contract 27-943-1 will allow the Contractor to continue providing diagnostic imaging interpretation services through July 31, 2018.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, certain specialized health care services for its members under the terms of their Individual and Group Health Plan membership contracts with the County will not be provided.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: A Floyd, M Wilhelm

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Novation Contract #24-707-56 with Contra Costa ARC

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Novation Contract #24-707-56 with Contra Costa ARC, a non-profit corporation, in an amount not to exceed \$2,045,722, to provide wrap-around services including community-based mental health treatment services, to high risk youth and their families for the period from July 1, 2016 through June 30, 2017. This Contract includes a six-month automatic extension through December 31, 2017, in an amount not to exceed \$1,022,861.

FISCAL IMPACT:

This Contract is funded 50% Federal Financial Participation; 50% County Realignment. (Cost of Living Adjustment [COLA]) (Rate increase)

BACKGROUND:

This Contract meets the social needs of County's population by providing mental health services for preschoolers with measurable delays in interpersonal, social/emotional, language and cognitive development; for children who are at risk for such delays, including abused, developmentally delayed, emotionally disturbed and environmentally deprived children who do not meet the criteria for any categorical funding source for services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon,
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: E Suisala, M Wilhelm

BACKGROUND: (CONT'D)

On August 18, 2015, the Board of Supervisors approved Novation Contract #24-707-55 with Contra Costa ARC, for the period from July 1, 2015 through June 30, 2016, which included a six-month automatic extension through December 31, 2016, for the provision of wrap-around and mental health treatment services for high risk, delayed, or emotionally disturbed children and their families in East County.

Approval of Novation Contract #24-707-56 replaces the automatic extension under the prior Contract, and allows the Contractor to continue providing services through June 30, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, severely emotionally disturbed children within Contra Costa County will have reduced access to mental health services as the County solicits and engages an alternative Contractor.

CHILDREN'S IMPACT STATEMENT:

This program supports the following Board of Supervisors' community outcomes: "Children Ready For and Succeeding in School"; "Families that are Safe, Stable, and Nurturing"; and "Communities that are Safe and Provide a High Quality of Life for Children and Families". Expected program outcomes include an increase in positive social and emotional development as measured by the Child and Adolescent Functional Assessment Scale (CAFAS).



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Novation Contract #74-058-23 with Seneca Family of Agencies

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Novation Contract #74-058-23 with Seneca Family of Agencies, a non-profit corporation, in an amount not to exceed \$7,732,518, to provide mobile crisis response and school and community-based children's specialty mental health services for the period from July 1, 2016 through June 30, 2017. This Contract includes a six-month automatic extension through December 31, 2017, in an amount not to exceed \$3,856,259.

FISCAL IMPACT:

This Contract is funded 45% Federal Financial Participation; 45% County Realignment; and 5% County General Fund; 5% Mental Health Services Act. (No rate increase)

BACKGROUND:

On December 15, 2015, the Board of Supervisors approved Novation Contract #74-058-21 (as amended by Contract Amendment #74-058-22) with Seneca Family of Agencies for the provision of mobile crisis response and children's

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon,
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: E Suisala, M Wilhelm

BACKGROUND: (CONT'D)

specialty mental health services, for the period July 1, 2015 through June 30, 2016, which included a six-month automatic extension through December 31, 2016.

Approval of Novation Contract #74-058-23 replaces the automatic extension under the prior Contract and allows the Contractor to continue providing mobile crisis response and school and community-based children's specialty mental health services through June 30, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, children with severe emotional disorders throughout the County will not have access to Contractor's mobile crisis, and school and community-based mental health services, possibly resulting in the need for higher levels of care.

CHILDREN'S IMPACT STATEMENT:

This program supports the following Board of Supervisors' community outcomes: "Children Ready For and Succeeding in School"; "Families that are Safe, Stable, and Nurturing"; and "Communities that are Safe and Provide a High Quality of Life for Children and Families". Expected program outcomes include an increase in positive social and emotional development as measured by the Child and Adolescent Functional Assessment Scale (CAFAS).



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #24-681-82(9) with Modesto Residential Living Center, LLC

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #24-681-82(9) with Modesto Residential Living Center, LLC, limited liability company, in an amount not to exceed \$142,350, to provide augmented board and care services, for the period from September 1, 2016 through August 31, 2017.

FISCAL IMPACT:

This Contract is funded 100% Mental Health Services Act. (No rate increase)

BACKGROUND:

This Contract meets the social needs of the County's population by augmenting room and board and providing twenty-four hour emergency residential care and supervision to eligible mentally disordered clients, who are specifically referred by the Mental Health Program Staff and who are served by County Mental Health Services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Cynthia Belon
957-5201

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: D Morgan, M Wilhelm

BACKGROUND: (CONT'D)

On October 6, 2015, the Board of Supervisors approved Contract #24-681-82(8) with Modesto Residential Living Center, LLC, for the provision of augmented board and care services for County-referred mentally disordered clients for the period from September 1, 2015 through August 31, 2016.

Approval of Contract #24-681-82(9) will allow Contractor to continue providing augmented board and care services through August 31, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, County residents will not receive services provided by this contractor.

CHILDREN'S IMPACT STATEMENT:

Not Applicable



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #26-673-3 with Shaista Rauf, M.D.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #26-673-3 with Shaista Rauf, M.D., an individual, in an amount not to exceed \$720,000, to provide neurology services at Contra Costa Regional Medical Center and Health Centers (CCRMC) for the period from September 1, 2016 through August 31, 2019.

FISCAL IMPACT:

This Contract is funded 100% Hospital Enterprise Fund I. (No rate increase)

BACKGROUND:

On September 10, 2013, the Board of Supervisors approved Contract #26-673-2 with Shaista Rauf, M.D. for the provision of neurology services, for patients at CCRMC, including but not limited to: clinic coverage, on call coverage, and consultation, for the period from September 1, 2013 through August 31, 2016. Approval of Contract #26-673-3 will allow Contractor to continue providing neurology services through August 31, 2019.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, patients requiring neurology services at CCRMC will not have access to Contractor's services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Samir Shah, M.D.,
925-370-5525

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm

CHILDREN'S IMPACT STATEMENT:

Not applicable.



**Contra
Costa
County**

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Interagency Agreement #26-658-7 with the County of Santa Clara

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Interagency Agreement #26-658-7 with the County of Santa Clara, for its Santa Clara Valley Medical Center, a political subdivision of the State of California, in an amount not to exceed \$60,000, for the provision of laboratory testing services for Contra Costa Regional Medical Center and Contra Costa Health Centers (CCRMC), for the period from July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

This contract is funded 100% Hospital Enterprise Fund I. (Rate increase)

BACKGROUND:

On July 7, 2015, the Board of Supervisors approved Interagency Agreement #26-658-6 with the County of Santa Clara, for its Santa Clara Valley Medical Center, to provide neonatal urine toxicology laboratory testing services twenty-four hours a day/seven days a week for at risk newborns at CCRMC, for the period from July 1, 2015 through June 30, 2016. Approval of Interagency Agreement #26-658-7 will allow the Contractor to continue providing services through June 30, 2017. This agreement includes modifications to County's General Conditions, including Termination and Cancellation, Disputes, Choice of Law and Personal Jurisdiction, Possessory Interest and mutual indemnification.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Anna Roth,
925-370-5101

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: K Cyr, M Wilhelm

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved, CCRMC would have to find a new Contractor to provide services. County of Santa Clara was selected because of location, accuracy and 24/7 testing availability.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Cardinal Health Pharmacy Services LLC Purchase Order amendment

RECOMMENDATION(S):

Approve and authorize the Purchasing Agent on behalf of the Health Services Department, to execute an amendment to the Purchase Order with Cardinal Health Pharmacy Services, LLC to add \$2,000,000 for a new total of \$26,000,000 for the purchase of pharmaceuticals and related supplies at the Contra Costa Regional Medical Center (CCRMC) and Contra Costa Health Centers, with no change in the term of September 1, 2015 through August 31, 2016.

FISCAL IMPACT:

100% funding is included in the Hospital Enterprise Fund I budget.

BACKGROUND:

The County is satisfied with Cardinal Health Pharmacy Services, LLC as a vendor and wish to continue the working relationship with this company. Cardinal Health Pharmacy Services, LLC, provides three different purchasing contracts: WAC (Wholesaler Acquisition Cost) accounts (Inpatient 34-18446; Outpatient 34-18765), Novation for the hospital (110459), as well as the Public Health System contract for 340B (federal-ceiling pricing for disproportionate share facilities) for ambulatory care. Cardinal Health Pharmacy Services LLC., contract allows CCRMC to purchase medications

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Patricia Tanquary,
313-6004

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Tasha Scott, M Wihelm, Crystal Grayson

BACKGROUND: (CONT'D)

and related supplies at the best price through Novation contract. Furthermore, the Health Plan uses Cardinal Health Pharmacy Services LLC as its source to provide medications for its patients through the 340B plan via contract pharmacies (i.e., Walgreens). Having Cardinal Health Pharmacy Services LLC as a wholesaler maximizes the cost savings for CCRMC and Health Centers. The request for additional funds is to cover invoices received through August 31, 2016 to avoid exceeding current blanket amount.

CONSEQUENCE OF NEGATIVE ACTION:

If this Purchase Order is not approved, Hospital Pharmacy, as well as all Ambulatory Care Pharmacies within CCRMC will not be able to receive drugs from this wholesaler and the result would be a much higher cost of pharmaceuticals.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Payments for Services Provided by ProTransport-1, LLC

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Auditor-Controller, or his designee, to pay \$34,303.37 to ProTransport-1, LLC for non-emergency ambulance transportation services rendered to patients of the Contra Costa Regional Medical Center and Health Centers during the period November 1, 2014 through June 30, 2015.

FISCAL IMPACT:

100% funding is included in the Hospital Enterprise Fund I budget.

BACKGROUND:

ProTransport-1, LLC provides non-emergency ambulance transportation services to patients of the Contra Costa Regional Medical Center (CCRMC). Since September 2014, CCRMC has been working to establish service contracts with all transportation providers so that insurance and liability issues are properly addressed in the agreement. Prior to this time, ProTransport-1, LLC, had been paid under a Purchase Order. In addition, it was discovered that parts of the invoice approval process had broken down. CCRMC has identified these issues and has assigned appropriate

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Anna Roth,
370-5101

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: M Wilhelm, J. Pigg

BACKGROUND: (CONT'D)

staff to monitor the approval process to ensure invoices are processed promptly going forward.

During the period of transition, ProTransport-1, LLC continued to provide non-emergency ambulance transportation services to patients in need to facilitate their medical treatment. Hospital Administration has therefore determined that Pro-Transport is entitled to payment for the reasonable value of their services under the equitable relief theory of quantum meruit. That theory provides that where a person has been asked to provide services without a valid contract, and the provider does so to the benefit of the recipient, the provider is entitled to recover the reasonable value of those services.

CONSEQUENCE OF NEGATIVE ACTION:

ProTransport-1, LLC will not be paid for services rendered in good faith to patients of the Contra Costa Regional Medical Center and Health Centers.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: William Walker, M.D., Health Services Director
Date: August 9, 2016

Subject: Contract #26-661-7 with Planned Parenthood, Shasta Diablo, Inc.

RECOMMENDATION(S):

Approve and authorize the Health Services Director, or his designee, to execute, on behalf of the County, Contract #26-661-7 with Planned Parenthood, Shasta Diablo, Inc., a corporation, in an amount not to exceed \$1,214,000 for the provision of prenatal services for Contra Costa Regional Medical Center and Health Centers patients, for the period from July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

This Contract is funded 100% Hospital Enterprise Fund I. (No rate increase)

BACKGROUND:

On December 8, 2015, the Board of Supervisors approved Contract #26-661-6 with Planned Parenthood, Shasta Diablo, Inc. to provide, upon request of the County's Health Services Director or his designee, its licensed and certified personnel to perform prenatal services to Contra Costa Regional Medical Center and Health Center (CCRMC) patients at County's leased clinic facilities located in Concord, Richmond and Antioch, for the period from July 1, 2015 through June 30, 2016, including changes to County's standard indemnification language of the General

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Anna Roth,
370-5101

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: T Scott, M Wilhelm

BACKGROUND: (CONT'D)

Conditions.

Approval of Contract #26-661-7 will allow Contractor to continue to provide prenatal services to CCRMC patients at County's leased clinic facilities located in Concord, Richmond and Antioch through June 30, 2017, including changes to County's standard indemnification language of the General Conditions.

CONSEQUENCE OF NEGATIVE ACTION:

If this contract is not approved Contractor will be unable to provide services to a significant number of low income women in the county who would either be without services or directed to County health services sites.

CHILDREN'S IMPACT STATEMENT:

Not applicable.



Contra
Costa
County

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: 2016-17 Aspiranet childcare services contract

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Employment & Human Services Director, or designee, to execute a contract with Aspiranet, a nonprofit corporation, with a payment limit not to exceed \$388,800 to provide Early Head Start Program Enhancement service for the period July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

100% Federal funds / CFDA 93.708

Grant source is Administration for Children and Families (Head Start Program).

No County match.

38-957-2

BACKGROUND:

Contra Costa County receives funds from the Administration for Children and Families (ACF) to provide Head Start program services to program eligible County residents. The Department, in turn, contracts with a number of community-based organizations to provide a wider distribution of services. This board order establishes a contract with Aspiranet to provide Home-based Early Head Start service to 81 pregnant women and/or children ages birth to three years old.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: CSB (925)
681-6346

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Ericka Ramirez, Haydee Ilan, Cassandra Youngblood

CONSEQUENCE OF NEGATIVE ACTION:

If not approved, County will not be able to more widely distribute childcare availability through partnership with community based agencies.

CHILDREN'S IMPACT STATEMENT:

The Employment & Human Services Department Community Services Bureau supports three of Contra Costa County's community outcomes - Outcome 1: "Children Ready for and Succeeding in School," Outcome 3: "Families that are Economically Self-sufficient," and, Outcome 4: "Families that are Safe, Stable, and Nurturing." These outcomes are achieved by offering comprehensive services, including high quality early childhood education, nutrition, and health services to low-income children throughout Contra Costa County.



Contra
Costa
County

To: Board of Supervisors
From: Linda Dippel, Child Support Services Director
Date: August 9, 2016

Subject: Contract with Integrated Information Systems, Inc.

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Child Support Services, or designee, to execute a contract, including modified indemnification language, with Integrated Information Systems, Inc. in an amount not to exceed \$56,670 for the license and maintenance to the TurboCourt software system for the period of July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

This project will be fully funded by allocations from the Federal Government at 66% and State of California at 34%. There is no cost to the County.

BACKGROUND:

The Department of Child Support Services utilizes TurboCourt, a web-based system for customers to apply for child support services. The webpage allows our customers to access our services 24 hours a day, 7 days a week. This contract will provide updates and modifications to the TurboCourt webpage, ensuring the child support customers are receiving current information and the department is using current forms.

CONSEQUENCE OF NEGATIVE ACTION:

If this action were not approved, customers would not have a current webpage to access child support services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Sarah Bunnell
925-313-4433

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

CHILDREN'S IMPACT STATEMENT:

This action allows the Department of Child Support Services the ability to offer web-based services to our customers in support of children.



**Contra
Costa
County**

To: Board of Supervisors
From: Kathy Gallagher, Employment & Human Services Director
Date: August 9, 2016

Subject: 2016-17 Contra Costa Child Care Council Early Head Start childcare services contract

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Employment & Human Services Director, or designee, to execute a contract with Contra Costa Child Care Council in an amount not to exceed \$312,000 to provide Early Head Start Program Enhancement services for the period July 1, 2016 through June 30, 2017.

FISCAL IMPACT:

100% Federal funds / CFDA 93.708

Grant source is Administration for Children and Families (Head Start Program).

No County match.

38-803-2

BACKGROUND:

Contra Costa County receives funds from the Administration for Children and Families (ACF) to provide Early Head Start program services to program eligible County residents. The Department, in turn, contracts with a number of community-based organizations to provide a wider distribution of services. This board order renews a contract with Contra Costa Child Care Council to provide Home-based Early Head Start service

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: CSB (925)
681-6346

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Ericka Ramirez, Haydee Ilan, Cassandra Youngblood

BACKGROUND: (CONT'D)

to 52 pregnant women and/or children ages birth to three years old. Services are to be administered through the Contractor's licensed Family Child Care providers to enhance the services provided in the Contractor's existing full-day programs.

CONSEQUENCE OF NEGATIVE ACTION:

If not approved, County will not be able to more widely distribute childcare availability through partnership with community based agencies.

CHILDREN'S IMPACT STATEMENT:

The Employment & Human Services Department Community Services Bureau supports three of Contra Costa County's community outcomes - Outcome 1: "Children Ready for and Succeeding in School," Outcome 3: "Families that are Economically Self-sufficient," and, Outcome 4: "Families that are Safe, Stable, and Nurturing." These outcomes are achieved by offering comprehensive services, including high quality early childhood education, nutrition, and health services to low-income children throughout Contra Costa County.



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: Multifamily Housing Revenue Bonds - Willowbrook, Bay Point

RECOMMENDATION(S):

ADOPT Resolution No. 2016/474 approving the issuance of Multifamily Housing Revenue Bonds (the "Bonds") by the California Public Finance Authority (the "CalPFA") in an amount not to exceed \$12,000,000 for the benefit of Willowbrook Affordable Communities, L.P., or a partnership created by Islas Development LLC (the "Developer"), to provide financing for the costs of acquisition, rehabilitation, improvement and equipping of a multifamily housing development commonly known as Willowbrook Apartments, a 72-unit residential rental housing development located at 110 Bailey Road, Bay Point, California (the "Development"). Such adoption is solely for the purposes of satisfying the public approval requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the Code, and the California Government Code Section 6500 (and following).

FISCAL IMPACT:

No impact to the General Fund. The County will be reimbursed for any costs incurred in the process of conducting the TEFRA hearing. The CalPFA will issue tax-exempt bonds on behalf of the Developer. Repayment of the bonds is solely the responsibility of the Developer.

BACKGROUND:

Islas Development LLC requested the County conduct a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing for the California Public Finance Authority (CalPFA) issuance of Multifamily Housing Revenue Bonds in

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Kara Douglas,
925-674-7880

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

an amount not to exceed \$12,000,000 to be used to finance the acquisition, rehabilitation, improvement and equipping of a multifamily housing development commonly known as Willowbrook Apartments, a 72-unit residential rental housing development located at 110 Bailey Road, Bay Point, California (the "Development"). A TEFRA hearing must be held by an elected body of the governmental entity having jurisdiction over the area where the project is located in order for all or a portion of the Bonds to qualify as tax-exempt bonds for the financing of the Development. The County is a member of CalPFA and qualifies as an elected body of the governmental entity having jurisdiction over the area where the project is located.

The main purpose of the proposed Resolution is to acknowledge that a public hearing was held by the County's Community Development Bond Program Manager on July 18, 2016, where members of the community were given an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Development. No public comments were received. A notice of the hearing was published in the East Bay Times (proof of publication attached) on July 4, 2016.

The County's only role in this transaction was to hold the TEFRA hearing. Additional actions related to the bond issuance will be the responsibility of CalPFA.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent CalPFA from providing tax-exempt financing for the Developer's Willowbrook Apartments project in Bay Point.

CHILDREN'S IMPACT STATEMENT:

The Willowbrook Apartments provide 72 units of affordable rental housing appropriate for families. This supports outcome #3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution No. 2016/474

Public Notice, Proof of Publication

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/474

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF CONTRA COSTA APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND REHABILITATION OF WILLOWBROOK APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Willowbrook Affordable Communities, L.P. or a partnership created by Islas Development, LLC (the "Developer"), consisting at least of the Developer or a related person to the Developer and one or more limited partners, has requested that the California Public Finance Authority (the "Authority") participate in the issuance of one or more series of revenue bonds issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, in an aggregate principal amount not to exceed \$12,000,000 (the "Bonds") for the acquisition, rehabilitation, improvement and equipping of a 72-unit multifamily rental housing project located at 110 Bailey Road, Bay Point, California, generally known as Willowbrook Apartments (the "Project") and operated by Logan Property Management, Inc.; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the issuance of the Bonds by the Authority must be approved by the County of Contra Costa (the "County") because the Project is located within the territorial limits of the County; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") is the elected legislative body of the County and is the applicable elected representative under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the Board of Supervisors approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 (the "Agreement"), among certain local agencies, including the County; and

WHEREAS, pursuant to Section 147(f) of the Code, the Board of Supervisors has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority; and

WHEREAS, the Board of Supervisors understands that its actions in holding this public hearing and in approving this Resolution do not obligate the County in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said Board of Supervisors expressly conditions its approval of this Resolution on that understanding.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Contra Costa as follows:

Section 1. The Board of Supervisors hereby approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the Board of Supervisors that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 12 of the Agreement.

Section 2. The officers of the Board of Supervisors are hereby authorized and directed, jointly and severally, to do any and all

things and execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.

Section 3. The Board of Supervisors expressly conditions its approval of this Resolution on its understanding that the County shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Loan for the financing of the Project.

Section 4. this Resolution shall take effect from and after its passage and approval.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Kara Douglas, 925-674-7880

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

East County Times

1700 Cavallo Road
Antioch, CA 94509
925-779-7115

3646650

ORRICK PUBLIC FINANCE
405 HOWARD ST
SAN FRANCISCO, CA 94105

PROOF OF PUBLICATION

FILE NO. Lauren Sommerhauser

In the matter of

East County Times

I am a citizen of the United States. I am over the age of eighteen years and I am not a party to or interested in the above entitled matter. I am the Legal Advertising Clerk of the printer and publisher of the East County Times, a newspaper published in the English language in the City of Antioch, County of Contra Costa, State of California.

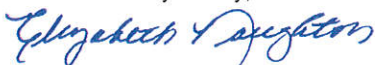
I declare that the East County Times is a newspaper of general circulation as defined by the laws of the State of California as determined by court decree dated January 6, 1919, Case Number 8268 and modified January 19, 2006, Case Number N05-1494. Said decree states that the East County Times is adjudged to be a newspaper of general circulation for the City of Antioch, County of Contra Costa and State of California. Said order has not been revoked.

I declare that the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

07/04/2016

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Executed at Walnut Creek, California.
On this 11th day of July, 2016.



Signature

Legal No.

0005766330

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Community Development Bond Program Manager of the County of Contra Costa (the "County") on Monday, July 18, 2016 at the hour of 9:00 AM in the offices of the Contra Costa County Department of Conservation and Development, 30 Muir Road, Martinez, California, will conduct a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, at which it will hear and consider information concerning a proposed plan of financing providing for the issuance by the California Public Finance Authority of multifamily housing revenue bonds in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed \$12,000,000 in outstanding aggregate principal amount, to finance the acquisition and rehabilitation of a 72-unit multifamily rental housing project located at 110 Bailey Road, Bay Point, California. The facilities are to be owned by Willowbrook Affordable Communities, L.P. (the "Borrower") or a partnership created by Islas Development, LLC (the "Developer"), consisting at least of the Developer or a related person to the Developer and one or more limited partners, operated by Logan Property Management, Inc., and are generally known as Willowbrook Apartments (the "Project").

Those wishing to comment on the proposed financing and the nature and location of the Project may either appear in person at the public hearing or submit written comments, which must be received by the County prior to the hearing. Written comments should be addressed to: Kristen Lackey, Contra Costa County Department of Conservation and Development, 30 Muir Road, Martinez, California 94553.

Dated: July 4, 2016
ECT# 5766330
July 4, 2016



**Contra
Costa
County**

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: August 9, 2016

Subject: Notice of Intention to Sell Residential Improvements 1127 and 1139 Escobar St., Martinez

RECOMMENDATION(S):

APPROVE the Notice of Intention to Sell Residential Improvements (NOI), located at 1127 Escobar Street and 1139 Escobar Street, Martinez, pursuant to Government Code 25363. (Project No. WLP898 & WLP899)

DETERMINE that the property acquired for Contra Costa County (County) purposes described in the Notice of Intention to Sell Residential Improvements is surplus and not required for public use.

DECLARE County's intention to sell said Improvements under the Purchase Agreement and Terms and Conditions of Sale attached hereto.

APPROVE the Notice of Intention; and, DIRECT the Real Estate Division of the Public Works Department to publish Notice of Intention in the Contra Costa Times and Martinez News-Gazette pursuant to Government Code Section 25363.

The Board sets August 31, 2016 at 2:00 p.m. at 255 Glacier Drive, Martinez, California, as the time and place where oral bids will be received and considered.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Jewel Lopez, (925)
313-2191

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

FISCAL IMPACT:

The County anticipates receiving a minimum of \$2,500 per residence in revenue from the public residential improvement sale. 100% General Fund

BACKGROUND:

The residential improvements were previously used by Friends Outside, a nonprofit community organization assisting incarcerated individuals and their families and storage for the Sheriff-Coroner's Department. Since 2011, the residential improvements have been vacant and have become a health and safety issue due to their deteriorating condition and trespassers. It has been determined that residential improvements are no longer necessary for County purposes. County staff recommends designating the residential improvements as surplus and selling the improvements "as is" at public auction. It has been determined that this activity is not subject to the California Environmental Quality Act (CEQA), pursuant to Section 15064.5 using criteria outlines in Section 5024.1 of the CEQA guidelines, which was previously approved by the Board on May 10, 2016 (CP#15-37).

CONSEQUENCE OF NEGATIVE ACTION:

The County would continue to own and maintain the subject improvements.

ATTACHMENTS

NOI - 1127 & 1139 Escobar St., Martinez

Purchase Agreement - 1127 Escobar St., Martinez

Purchase Agreement - 1139 Escobar St., Martinez

Terms & Conditions of Sale - 1127 Escobar St., Martinez

Terms & Conditions of Sale - 1139 Escobar St., Martinez

**CONTRA COSTA COUNTY
PUBLIC WORKS DEPARTMENT
255 Glacier Drive
Martinez, CA 94553**

NOTICE OF INTENTION TO SELL RESIDENTIAL IMPROVEMENTS

(Government Code § 25363)

Contra Costa County (County) will sell individually at public auction to the highest responsible bidder, the residential improvements hereinafter described, to be removed from County's properties:

- **1127 Escobar Street, Martinez**
Single story family residence, 3 bedrooms, 1 bath, 2,000 square feet.
- **1139 Escobar Street, Martinez**
Single story family residence, 2 bedrooms, 1 bath, 1,684 square feet.

The auction will be held at the Contra Costa County Public Works Department, 255 Glacier Drive, Martinez, California, at 2:00 p.m. on Wednesday, August 31, 2016.

The residential improvements will be open for inspection on Thursday, August 25, 2016, from 9:00 a.m. to 12:00 p.m. For further information on these improvements, please call Jewel Lopez, Real Property Technical Assistant, at (925) 313-2191.

Minimum Bid: \$2,500 PER IMPROVEMENT

Deposit Amount: \$2,500 PER IMPROVEMENT IN THE FORM OF A CASHIER'S CHECK, CERTIFIED CHECK OR MONEY ORDER (NO PERSONAL CHECKS).

Said removal will be done in accordance with the Purchase Agreement and Terms and Conditions of Sale which can be viewed online at the Contra Costa County Public Works Department website (<http://www.co.contra-costa.ca.us/471/Surplus-Property>), or at the Public Works Department, C.C. Rich Building, 255 Glacier Drive, Martinez, California 94553, Monday – Thursday (7:00 a.m. – 12:00 p.m. and 1:00 p.m. – 4:00 p.m.).

The County reserves the right to reject any and all bids received.

The residential improvements will be sold "**AS-IS**" with no warranty as to their condition or movability and the purchaser assumes all risks and responsibility.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: _____
David Twa, Clerk of the Board of Supervisors and County Administrator

By _____, Deputy
JL:

G:\realprop\Jewel\Demos\Escobar Demos\BO.27a NOI to sell residential improvements.doc

Purchase Agreement

This agreement is entered into this _____ day of _____, 2016, by and between Contra Costa County and the purchaser of the following described improvement(s):

- **1127 Escobar Street, Martinez**
Single story family residence, 3 bedrooms, 1 bath, 2,000 square feet.

(All improvements are to be removed or demolished)

The undersigned agrees to the conditions of purchase set forth in this Agreement and in the Terms and Conditions of Sale attached hereto and a part hereof, and further agrees to pay to Contra Costa County, the amount of _____ Dollars (\$_____) as full payment for the purchase of the above described improvement(s); \$2,500 paid for the improvement(s) at this time and the balance of _____ Dollars (\$_____) within 10 days after the date of sale.

As more fully set forth in the Terms and Conditions, the undersigned agrees to take delivery of the above-described improvement(s) immediately upon receipt of a Bill of Sale and agrees to have the premises cleared of all improvements down to the foundation on or before December 16, 2016. The undersigned acknowledges and agrees that this agreement is for improvements only, and that the undersigned is not acquiring any right, title, interest, or otherwise to the real property upon which the improvements are located.

The undersigned hereby agrees that in the event he/she fails to deposit the money, pay the balance due, execute the contract, obtain the required insurance, or to remove the improvement(s) on or before December 16, 2016, he/she will forfeit all his/her rights hereunder, including any monies paid, and thereupon title to said improvements shall revert to Contra Costa County to dispose of as it sees fit without recourse by the undersigned.

Purchaser

By: _____
Julia R. Bueren
Public Works Director

Signed: _____

Recommended for Approval:

Address: _____

By: _____
Karen A. Laws
Principal Real Property Agent

Telephone: _____

Purchase Agreement

This agreement is entered into this _____ day of _____, 2016, by and between Contra Costa County and the purchaser of the following described improvement(s):

- **1139 Escobar Street, Martinez**
Single story family residence, 2 bedrooms, 1 bath, 1,684 square feet.

(All improvements are to be removed or demolished)

The undersigned agrees to the conditions of purchase set forth in this Agreement and in the Terms and Conditions of Sale attached hereto and a part hereof, and further agrees to pay to Contra Costa County, the amount of _____ Dollars (\$_____) as full payment for the purchase of the above described improvement(s); \$2,500 paid for the improvement(s) at this time and the balance of _____ Dollars (\$_____) within 10 days after the date of sale.

As more fully set forth in the Terms and Conditions, the undersigned agrees to take delivery of the above-described improvement(s) immediately upon receipt of a Bill of Sale and agrees to have the premises cleared of all improvements down to the foundation on or before December 16, 2016. The undersigned acknowledges and agrees that this agreement is for improvements only, and that the undersigned is not acquiring any right, title, interest, or otherwise to the real property upon which the improvements are located.

The undersigned hereby agrees that in the event he/she fails to deposit the money, pay the balance due, execute the contract, obtain the required insurance, or to remove the improvement(s) on or before December 16, 2016, he/she will forfeit all his/her rights hereunder, including any monies paid, and thereupon title to said improvements shall revert to Contra Costa County to dispose of as it sees fit without recourse by the undersigned.

Purchaser

By: _____
Julia R. Bueren
Public Works Director

Signed: _____

Recommended for Approval:

Address: _____

By: _____
Karen A. Laws
Principal Real Property Agent

Telephone: _____

TERMS AND CONDITIONS OF SALE

(For Removal of Improvement(s) located at 1127 Escobar Street, Martinez)

To Be Sold at Public Auction

The successful bidder (Purchaser) will be required to execute a Purchase Agreement with Contra Costa County (County) agreeing that the removal of the improvement(s) shall be done according to the Terms and Conditions of Sale as hereinafter specified:

1. At the conclusion of the auction sale, Purchaser agrees to pay by cash, cashier's check, certified check or money order (no personal checks) the amount of \$2,500 for the improvement(s), with the balance to be paid within ten (10) days from date of the sale. Upon full payment to Contra Costa County as aforesaid, the Board of Supervisors or its designee, upon approval, will execute a Bill of Sale to be delivered to Purchaser under the terms and conditions herein. Receipt by Purchaser of the Bill of Sale will constitute authority to commence the removal of the improvement(s).
2. The removal from County property of the improvement(s) shall be completed on or before December 16, 2016.
3. Said removal or demolition, after the purchase, once work begins thereon, shall be done diligently and continuously each working day until completed. Work may be suspended only during inclement weather or when required under these Terms and Conditions.
4. Purchaser agrees, at no cost to County, to obtain and maintain during the entire time Purchaser or Purchaser's contractor, agents or assigns is/are working at the site, Worker's Compensation Insurance pursuant to state law, Comprehensive Liability Insurance, including coverage for owned and non-owned vehicles with a minimum combined single limit coverage of \$1,000,000 for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof, arising out of each accident or occurrence. Purchaser agrees to provide County with a certificate of said insurance naming Contra Costa County and its officers, agents and employees as additional insureds, within ten (10) days after the date of sale, and agrees to furnish County with thirty (30) days written notice of any policy lapse or cancellation.
5. The property is to be entirely cleared of all combustible materials, debris, and other rubbish, including shrubbery and trees which have been cut or uprooted to facilitate removal of the improvement(s). In the event there are basements under any buildings, upon completion of moving operations, Purchaser shall construct a temporary barricade fence around said basements and/or excavation to the satisfaction of the Real Property Agent, and in all other respects Purchaser shall leave the property in a reasonably safe condition. Only concrete foundations, asphalt driveways, and concrete flatwork may be left on the property provided, however, that all mud-sill steel tie bolts, nails, and reinforcing steel protruding from said remaining concrete foundations shall be removed or sheared at all exposed surfaces. Dust must be controlled during the removal process in accordance with local ordinances.

6. Purchaser shall secure all necessary permits and certificates required in connection with the removal of any building, shall cap all sewer laterals, and shall comply with all pertinent local ordinances. County makes no guarantee that any buildings sold will be movable, or that permits will be granted to relocate them in any specific location. Purchaser assumes all risk and responsibility in the wrecking or removing operation, including any damages or loss by vandalism, after acceptance by County of the \$2,500 initial payment. The improvement(s) are sold on an "as is" basis with no warranty whatsoever, including no warranty as to the condition or movability of the improvement(s).
7. Purchaser shall defend, indemnify, save, and hold harmless County and its officers and employees from any and all claims, demands, losses, costs, expenses, and liabilities for any damages, fines, sickness, death, or injury to person(s) or property, arising directly or indirectly from or connected with the purchase or removal of the improvement(s). If requested by County, Purchaser shall defend any such suits at its sole cost and expense. If County elects to provide its own defense, Purchaser shall reimburse County for any expenditure, including reasonable attorney's fees and costs.
8. If County deems it to be in its best interest, it may, on a refusal or failure of the Purchaser to deposit the balance of the bid amount, or failure to provide necessary insurance certificates within the specified time, award the bid to another bidder.
9. County reserves the right to reject any and all bids received without stated cause.
10. Time is of the essence of this agreement. County reserves the right to declare a forfeiture of any and all rights of Purchaser in the event of Purchaser's default or failure to perform this agreement in whole or in part, and all payments made by Purchaser may be forfeited and become the property of County.
11. Unless the improvement(s) are purchased for resale, retail sales tax must be added to the amount of the bid. If purchased for resale, Purchaser will be required to present satisfactory proof that Purchaser holds a Retailer's Permit from the State Board of Equalization and has purchased the improvement(s) for resale of personal property. Retail sales tax will be computed at 8.5 percent of the bid amount.
12. Only contractors licensed by the State of California will be allowed to physically remove the improvement(s) referenced herein. Evidence of such license is to be presented to County's Real Property Agent prior to removal work.

TERMS AND CONDITIONS OF SALE

(For Removal of Improvement(s) located at 1139 Escobar Street, Martinez)

To Be Sold at Public Auction

The successful bidder (Purchaser) will be required to execute a Purchase Agreement with Contra Costa County (County) agreeing that the removal of the improvement(s) shall be done according to the Terms and Conditions of Sale as hereinafter specified:

1. At the conclusion of the auction sale, Purchaser agrees to pay by cash, cashier's check, certified check or money order (no personal checks) the amount of \$2,500 for the improvement(s), with the balance to be paid within ten (10) days from date of the sale. Upon full payment to Contra Costa County as aforesaid, the Board of Supervisors or its designee, upon approval, will execute a Bill of Sale to be delivered to Purchaser under the terms and conditions herein. Receipt by Purchaser of the Bill of Sale will constitute authority to commence the removal of the improvement(s).
2. The removal from County property of the improvement(s) shall be completed on or before December 16, 2016.
3. Said removal or demolition, after the purchase, once work begins thereon, shall be done diligently and continuously each working day until completed. Work may be suspended only during inclement weather or when required under these Terms and Conditions.
4. Purchaser agrees, at no cost to County, to obtain and maintain during the entire time Purchaser or Purchaser's contractor, agents or assigns is/are working at the site, Worker's Compensation Insurance pursuant to state law, Comprehensive Liability Insurance, including coverage for owned and non-owned vehicles with a minimum combined single limit coverage of \$1,000,000 for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof, arising out of each accident or occurrence. Purchaser agrees to provide County with a certificate of said insurance naming Contra Costa County and its officers, agents and employees as additional insureds, within ten (10) days after the date of sale, and agrees to furnish County with thirty (30) days written notice of any policy lapse or cancellation.
5. The property is to be entirely cleared of all combustible materials, debris, and other rubbish, including shrubbery and trees which have been cut or uprooted to facilitate removal of the improvement(s). In the event there are basements under any buildings, upon completion of moving operations, Purchaser shall construct a temporary barricade fence around said basements and/or excavation to the satisfaction of the Real Property Agent, and in all other respects Purchaser shall leave the property in a reasonably safe condition. Only concrete foundations, asphalt driveways, and concrete flatwork may be left on the property provided, however, that all mud-sill steel tie bolts, nails, and reinforcing steel protruding from said remaining concrete foundations shall be removed or sheared at all exposed surfaces. Dust must be controlled during the removal process in accordance with local ordinances.

6. Purchaser shall secure all necessary permits and certificates required in connection with the removal of any building, shall cap all sewer laterals, and shall comply with all pertinent local ordinances. County makes no guarantee that any buildings sold will be movable, or that permits will be granted to relocate them in any specific location. Purchaser assumes all risk and responsibility in the wrecking or removing operation, including any damages or loss by vandalism, after acceptance by County of the \$2,500 initial payment. The improvement(s) are sold on an "as is" basis with no warranty whatsoever, including no warranty as to the condition or movability of the improvement(s).
7. Purchaser shall defend, indemnify, save, and hold harmless County and its officers and employees from any and all claims, demands, losses, costs, expenses, and liabilities for any damages, fines, sickness, death, or injury to person(s) or property, arising directly or indirectly from or connected with the purchase or removal of the improvement(s). If requested by County, Purchaser shall defend any such suits at its sole cost and expense. If County elects to provide its own defense, Purchaser shall reimburse County for any expenditure, including reasonable attorney's fees and costs.
8. If County deems it to be in its best interest, it may, on a refusal or failure of the Purchaser to deposit the balance of the bid amount, or failure to provide necessary insurance certificates within the specified time, award the bid to another bidder.
9. County reserves the right to reject any and all bids received without stated cause.
10. Time is of the essence of this agreement. County reserves the right to declare a forfeiture of any and all rights of Purchaser in the event of Purchaser's default or failure to perform this agreement in whole or in part, and all payments made by Purchaser may be forfeited and become the property of County.
11. Unless the improvement(s) are purchased for resale, retail sales tax must be added to the amount of the bid. If purchased for resale, Purchaser will be required to present satisfactory proof that Purchaser holds a Retailer's Permit from the State Board of Equalization and has purchased the improvement(s) for resale of personal property. Retail sales tax will be computed at 8.5 percent of the bid amount.
12. Only contractors licensed by the State of California will be allowed to physically remove the improvement(s) referenced herein. Evidence of such license is to be presented to County's Real Property Agent prior to removal work.



Contra Costa County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 9, 2016

Subject: Satisfaction of Judgment

RECOMMENDATION(S):

ADOPT Resolution No. 2016/479, WAIVE the payment of interest in the approximate amount of \$30,597.85 and accept \$29,371.31 in full satisfaction of the judgment against Leland Amos for an action brought by the Office of Revenue Collections, and DIRECT County Counsel, or designee, to execute a release of the lien securing the judgment against Mr. Amos, recorded against 1891 Second Ave. in Walnut Creek, as recommended by the Health Services Department and the County Administrator.

FISCAL IMPACT:

The principal amount owed on the judgment entered against Mr. Amos in an action brought by the Office of Revenue and Collections, and secured by the lien recorded against 1891 Second Avenue in Walnut Creek ("Property"), is \$29,371.31. Since the judgment was entered through March 2016, approximately \$30,598 in interest has accrued on the principal. Therefore, the total amount due, as of March 2016, in satisfaction of the judgment is 59,969.16

BACKGROUND:

In 2007, a judgment

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Enid Mendoza, (925)
335-1039

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

in the amount of \$29,371.31 was entered against Leland Amos in an action brought by the Office of Revenue and Collections. On February 5, 2008, the County recorded a lien against the Property owned by Mr. Amos. The entire amount of the judgment remains unpaid. Under Code of Civil Procedure section 685.010, interest in the amount of 10% per annum has accrued against the principal amount of the judgment.

Mr. Amos and his wife, Kelly Ann Rogers-Amos, and Charlotte Dorothy Rogers, are refinancing the Property in an amount sufficient to pay off the principal amount of the judgment secured by the lien recorded against the Property. Ms. Rogers-Amos has requested that the County waive the interest owed on the judgment and accept \$29,371.31, the principal due, in full satisfaction of the judgment.

The County Administrator and the Health Services Director recommend that the Board of Supervisors waive payment of the interest due on the judgment and accept \$29,371.31 in full satisfaction of the judgment, and direct County Counsel to file an Acknowledgement of Satisfaction of Judgment with the Court upon receipt of funds.

CONSEQUENCE OF NEGATIVE ACTION:

The County may never recover the full amount owed and may miss this opportunity where the current property owners are willing to refinance the Property to pay off this debt.

ATTACHMENTS

Resolution No. 2016/479

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐
NO: ☐
ABSENT: ☐
ABSTAIN: ☐
RECUSE: ☐



Resolution No. 2016/479

The Satisfaction of Judgment

Whereas, on February 4, 2008 a judgment in the amount of \$29,371.31 was entered against Leland Amos in collections action brought by the Office of Revenue Collections; and

Whereas, on February 5, 2008 a lien against the property owned by Mr. Leland Amos located at 1891 Second Street, Walnut Creek, CA 94597 was recorded to secure payment of the judgment; and

Whereas, under Code of Civil Procedure Section 685.010, interest has automatically accrued on the judgment at the rate of 10% per year; and

Whereas, approximately \$30,598 in interest has accrued on the judgment; and

Whereas, Mr. Leland Amos, Ms. Kelley Ann Rogers-Amos, and Charlotte Dorothy Rogers are refinancing the loan on the aforementioned property to pay the debt and allow the County to recover the principal amount due on the judgment.

Now, Therefore, Be It Resolved that the Board of Supervisor authorizes the Health Services Director to forgive the payment of interest and to accept \$29,371.31 in full satisfaction of the judgment, and directs the Health Services Director and County Counsel to file an Acknowledgment of Satisfaction of Judgment with the Court.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Enid Mendoza, (925) 335-1039

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: Bond Sale Resolution - Tabora Gardens Apartments, Antioch

RECOMMENDATION(S):

1. ADOPT Resolution No. 2016/480 authorizing the issuance of Multifamily Housing Revenue Bonds in a principal amount not to exceed \$24,000,000 to finance the acquisition and construction of Tabora Gardens Senior Apartments in Antioch (the "Development").
2. FIND and DECLARE that the recitals contained in the proposed Resolution are true and correct.
3. AUTHORIZE the issuance of County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D bonds (the "Bonds") in an aggregate principal amount not to exceed \$24,000,000.
4. APPROVE the form of, and authorize the County to execute, the Indenture between the County and Wells Fargo Bank National Association. (the "Bank").
5. APPROVE the form of, and authorize the County to execute, the Construction Loan Agreement among the Bank, the County and Tabora Gardens L.P. (the "Borrower").
6. APPROVE the form of, and authorize the County to execute, the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower.
7. APPROVE the form of, and authorize the County to execute, the Assignment of Deed of Trust and Loan Documents by the County to the Bank.
8. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.
9. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2016/480, to do any and all things and take any all actions, and execute and deliver any and all certificates, agreements, and other documents which the officer may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with the Resolution.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Kara Douglas
925-674-7880

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

RECOMMENDATION(S): (CONT'D)

>

FISCAL IMPACT:

No impact to the General Fund. At the closing for the Bonds, the County is reimbursed for costs incurred in the issuance process. Annual expenses for monitoring of Regulatory Agreement provisions ensuring units in the Development will be rented to low income households will be reimbursed through issuer fees established in the documents for the Bonds. The Bonds will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Bond documents. No County funds are pledged to secure the Bonds.

BACKGROUND:

The recommended action is the adoption of a Resolution by the Board, as the legislative body of the County, authorizing the issuance of Multifamily Housing Revenue Bonds, the proceeds of which will be used to finance the acquisition and construction of Tabora Gardens Senior Apartments, an 85 unit residential housing development located at 3701 Tabora Drive in Antioch.

The ownership entity for the development will be Tabora Gardens, L.P., a California limited partnership with Tabora Gardens, LLC serving as general partner of the Borrower. The ownership entity is an affiliate of Satellite Affordable Housing Associates, a local non-profit housing developer that has developed over 1500 units of housing over the past 44 years. Raymond James Tax Credit Funds, Inc. will be the tax credit investor special limited partner.

On December 8, 2015, the Board of Supervisors adopted Resolution No. 2015/455 expressing the Board's intent to issue multi-family housing revenue bonds for the Development. That Resolution authorized the submittal of an application by the County for tax-exempt private activity bond authority from the California Debt Limit Allocation Committee. Subsequent to the adoption of that Resolution, the County, as required by Section 147(f) of the Internal Revenue Code, held a noticed public hearing to permit interested parties to comment on the proposed financing and the Development. That hearing was held on January 4, 2016, with no comments received from the public. The Board adopted Resolution No. 2016/33 on January 19, 2016, to authorize proceeding with the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code.

On March 16, 2016, the California Debt Limit Allocation Committee awarded the County authority to issue the Bonds in a maximum principal amount of \$24,000,000. That authority will be used to issue and sell the Bonds directly to Wells Fargo Bank National Association, with the proceeds of the Bonds to be used to fund a loan by the Bank to Tabora Gardens L.P. In addition to the proceeds of the Bonds, the Development will utilize other forms of financing detailed in Attachment A. The transaction is expected to close on or about August 26, 2016.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Bonds in order to provide a loan to Tabora Gardens, L.P. to finance the construction of Tabora Gardens Senior Apartments.

ATTACHMENTS

Resolution No. 2016/480

Plan of Finance

Indenture

Loan Agreement

Regulatory Agreement

Assignment of Deed of Trust and Loan Documents

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐

NO: ☐

ABSENT: ☐

ABSTAIN: ☐

RECUSE: ☐



Resolution No. 2016/480

RESOLUTION AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING PROJECT FOR TABORA GARDENS, L.P., AND OTHER MATTERS RELATING THERETO

WHEREAS, the County of Contra Costa (the "County") is authorized pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to issue bonds and notes for the purpose of financing multifamily rental housing facilities; and

WHEREAS, Tabora Gardens, L.P., a California limited partnership (the "Borrower") has requested that the County issue multifamily housing revenue bonds (the "Bonds") and loan the proceeds of the Bonds to the Borrower to finance the acquisition and construction by the Borrower of an 85 unit residential rental housing development (the "Development") known as Tabora Gardens Senior Apartments and to be located at 3701 Tabora Drive in Antioch, California; and

WHEREAS, on January 4, 2016, the Community Development Bond Program Manager of the County held a public hearing on the proposed issuance of the Bonds by the County for, and the financing, ownership and operation of, the Development, as required under the provisions of the Internal Revenue Code (the "Code") applicable to tax-exempt obligations, following published notice of such hearing, and communicated to the Board of Supervisors of the County all written and oral testimony received at the hearing; and

WHEREAS, on January 19, 2016, the Board of Supervisors of the County adopted Resolution No. 2016/33 authorizing the issuance of the Bonds to finance the Development in satisfaction of public approval requirements of the Code; and

WHEREAS, the California Debt Limit Allocation Committee adopted its Resolution No. 16-12 on March 16, 2016 allocating \$24,000,000 of the State of California ceiling on private activity bonds for 2016 to the County for the purpose of financing the Development; and

WHEREAS, in order to assist in the financing of the Development, the County has determined to issue the Bonds, as authorized by the Act, and sell the Bonds to Wells Fargo Bank, National Association (the "Bank"); and

WHEREAS, it is proposed that the Bonds be issued pursuant to an indenture (the "Indenture"), between the County and the Bank, and that the proceeds of the sale of the Bonds to the Bank be used to make a loan to the Borrower pursuant to a loan agreement (the "Loan Agreement") among the Bank, the County and the Borrower, with amounts due from the County to the Bank under the Bonds and the Indenture to be payable solely from amounts paid by the Borrower under the Loan Agreement; and

WHEREAS, there have been prepared various documents with respect to the issuance by the County of the Bonds, copies of which are on file with the Clerk of the Board, and the Board of Supervisors now desires to approve the issuance of the Bonds and the execution and delivery of such documents by the County; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Contra Costa, as follows:

Section 1. The Board of Supervisors hereby finds and declares that the foregoing recitals are true and correct.

Section 2. Pursuant to the Act and the Indenture, the Bonds designated as “County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D” in an aggregate principal amount of not to exceed \$24,000,000, are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors (the “Chair”), in the form set forth in and otherwise in accordance with the Indenture.

Section 3. The Indenture between the County and the Bank (the “Indenture”), in the form on file with the Clerk of the Board, is hereby approved. Any one of the Chair of the Board of Supervisors, the Vice-Chair of the Board of Supervisors, the County Administrator, the Director of Conservation and Development, the Assistant Deputy Director of Conservation and Development and the Community Development Bond Program Manager (collectively, the “Designated Officers”), acting alone, is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Indenture in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Indenture upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, provided that no additions or changes shall authorize an aggregate principal amount of the Bonds in excess of the amount set forth in Section 2 above), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by the County. The date, maturity date, interest rate or rates, privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

Section 4. The Loan Agreement among the Bank, the County and the Borrower, in the form on file with the Clerk of the Board, is hereby approved. Any one of the Designated Officers, acting alone, is hereby authorized to execute and deliver the Loan Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Loan Agreement upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such changes to be conclusively evidenced by the execution and delivery of the Loan Agreement by the County.

Section 5. The regulatory agreement and declaration of restrictive covenants relating to the Development, between the County and the Borrower (the “Regulatory Agreement”), in the form on file with the Clerk of the Board, is hereby approved. Any one of the Designated Officers is hereby authorized, acting alone, for and in the name and on behalf of the County, to execute and deliver the Regulatory Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Regulatory Agreement upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Regulatory Agreement by the County.

Section 6. The Assignment of Deed of Trust and Loan Documents, by the County to the Bank (the “Assignment”), in the form on file with the Clerk of the Board, is hereby approved. Any one of the Designated Officers is hereby authorized, acting alone, for and in the name and on behalf of the County, to execute and deliver the Assignment in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Assignment upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Assignment by the County.

Section 7. The Bonds, when executed, shall be delivered to the Bank (as the purchaser of the Bonds), in accordance with written instructions executed on behalf of the County by any one of the Designated Officers of the County, which instructions said officers are hereby authorized, for and in the name and behalf of the County, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Bank upon the funding by the Bank of the initial advance of the purchase price of the Bonds as described in Section 3.03(b) of the Indenture.

Section 8. The law firm of Quint & Thimmig LLP is hereby designated as Bond Counsel to the County for the Bonds. The fees and expenses of such firm for matters related to the Bonds shall be payable solely from the proceeds of the Bonds or contributions by the Borrower.

Section 9. All actions heretofore taken by the officers and agents of the County with respect to the issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the County, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, including but not limited to any certificates, agreements and other documents described in the Indenture, the Loan Agreement, the Regulatory Agreement or the Assignment, or otherwise necessary to issue the Bonds and consummate the transactions contemplated by the documents approved by this Resolution.

Section 10. This Resolution shall take effect upon its adoption.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Kara Douglas 925-674-7880

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

Attachment A
Riviera Family Apartments
Multifamily Housing Revenue Note
Plan of Finance*

	<u>Construction</u>	<u>Permanent</u>
Tax Exempt Note	\$ 24,000,000	
County HOME/HOPWA	3,000,000	3,000,000
4% Low Income Housing Tax Credits	609,212	12,125,043
City of Antioch	3,283,755	3,283,755
State HCD Multifamily Housing Program		6,901,000
State HCD Veteran's Homeless Housing Program		5,246,781
Deferred Developer Fee & GP Equity	1,300,000	1,300,000
Total	\$ 32,192,967	\$ 31,856,579

** The amounts will be refined during the transaction closing.*

INDENTURE

by and between the

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bondowner Representative**

dated as of August 1, 2016

relating to:

\$_____

**County of Contra Costa
Multifamily Housing Revenue Bonds
(Tabora Gardens Senior Apartments), Series 2016D**

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EXHIBIT A FORM OF BOND

EXHIBIT B FORM OF INVESTOR'S LETTER

INDENTURE

This Indenture, dated as of August 1, 2016 (this “Indenture”), is by and between the County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (herein called the “Issuer”), and Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the obligations and duties of the Bondowner Representative hereunder, as Bondowner Representative (herein called the “Bondowner Representative”).

RECITALS:

WHEREAS, under the provisions of Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (the “Act”), the Issuer proposes to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D (the “Bonds”); and

WHEREAS, the Issuer and the Bondowner Representative have duly entered into a loan agreement, dated the same date as the date of this Indenture (the “Agreement” or the “Loan Agreement”) with Tabora Gardens, L.P., a California limited partnership (the “Borrower”), specifying the terms and conditions of the lending of the proceeds of the Bonds (the “Loan”) to the Borrower for the financing of a portion of the costs of the acquisition and construction of 85 units of multifamily rental housing (inclusive of one manager’s unit) to be located at 3701 Tabora Drive in the City of Antioch, California (as more fully described in the definition “Project” in Section 1.01 hereof, the “Project”), and the repayment by the Borrower of the Loan; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been performed precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Bondowner Representative and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the Issuer covenants and agrees with the Bondowner Representative, for the equal and proportionate benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term “**Act**” means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code.

The term “**Administrator**” means the Issuer or any administrator appointed by the Issuer to administer the Regulatory Agreement, and any successor Administrator appointed by the Issuer.

The term “**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

The term “**Agreement**” or “**Loan Agreement**” means the Loan Agreement, dated the same date as the date of this Indenture, among the Bondowner Representative, the Issuer and the Borrower.

The term “**Approved Institutional Buyer**” means (a) a “qualified institutional buyer” as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (b) an “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the Bondowner Representative (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

The term “**Assignment of Deed of Trust**” means the Assignment of Deed of Trust and Loan Documents, dated the same date as the date of this Indenture, by the Issuer to the Bondowner Representative.

The term “**Authorized Amount**” means _____ Million _____ Hundred _____ Thousand Dollars (\$_____), the authorized maximum principal amount of the Bonds.

The term “**Authorized Borrower Representative**” means any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Bondowner Representative containing the specimen signature of such person and signed on behalf of the Borrower by the Executive Director of the manager of the general partner of the Borrower, which certificate may designate an alternate or alternates.

The term **"Authorized Denomination"** means \$250,000 or any integral multiple of \$5,000 in excess thereof, provided that in any event one Bond may be in a denomination equal to the outstanding principal amount of the Bonds.

The term **"Authorized Issuer Representative"** means the Chair or Vice Chair of the Board of Supervisors of the Issuer, or the Issuer's County Administrator, Director of the Department of Conservation and Development, Assistant Deputy Director of Conservation and Development or Community Development Board Program Manager, or any other person designated to act in such capacity by a Certificate of the Issuer.

The term **"Bond Counsel"** means (a) Quint & Thimmig LLP, or (b) any attorney at law or other firm of attorneys selected by the Borrower and acceptable to the Issuer of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term **"Bond Documents"** has the meaning given to such term in the Loan Agreement.

The term **"Bond Fund"** means the fund established pursuant to Section 5.02 hereof.

The term **"Bondowner Representative"** means (a) Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America; or (b) any successor thereto under Section 8.08 hereof; or (c) subject to the provisions of Section 8.07, any entity that is the owner of a majority in principal amount of the Bonds then Outstanding or a Person selected by the owners of a majority in principal amount of the Bonds then Outstanding.

The term **"Bonds"** means the County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D, issued and outstanding hereunder.

The term **"Bond Year"** means the one-year period beginning on January 1 in each year and ending December 31 in the following year, except that the first Bond Year shall begin on the Closing Date and end on December 31, 2016.

The term **"Borrower"** means Tabora Gardens, L.P., a California limited partnership, and its successors and assigns under the provisions of the Loan Agreement and the Regulatory Agreement.

The term **"Business Day"** means any day other than a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Bondowner Representative's Principal Office is located are authorized or obligated by law or executive order to close.

The term **"Certificate of the Issuer"** means a certificate of the Issuer signed by an Authorized Issuer Representative.

The term “**Certified Resolution**” means a copy of a resolution of the Issuer certified by the Clerk of the Board of Supervisors of the Issuer or any Deputy thereof to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term “**Closing Date**” means the date of initial delivery of the Bonds and funding by the initial owner of the Bonds of the Initial Disbursement.

The term “**Code**” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

The term “**Control**” means, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

The term “**Debt Service**” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term “**Deed of Trust**” means the Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated the same date as the date of this Indenture, executed by the Borrower for the benefit of the Issuer, for the purpose of securing the obligations of the Borrower under the Note and the Loan Agreement (except as otherwise provided in the Loan Agreement), as such deed of trust is originally executed or as from time to time supplemented and amended in accordance with its terms and the terms of the Loan Agreement.

The term “**Default Rate**” has the meaning given to such term in the Note.

The term “**Event of Default**” as used herein, other than with respect to defaults under the Loan Agreement, shall have the meaning specified in Section 7.01 hereof; and as used in the Loan Agreement shall have the meaning specified in Section 15.1 thereof.

The term “**Fair Market Value**” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply

contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Obligation-State Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

The term **“Holder,” “holder” or “Bondholder” or “owner” or “Bondowner”** means the Person in whose name any Bond is registered.

The term **“Indenture”** means this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions hereof.

The term **“Initial Bond Purchaser”** means Wells Fargo Bank, National Association.

The term **“Initial Disbursement”** means the amount of the initial funding of the Bonds on the Closing Date, as set forth in a Receipt for Promissory Note and Acknowledgement of Funding of Bonds executed by the Bondowner Representative and delivered on the Closing Date.

The term **“Interest Payment Date”** means the first calendar day of each month, commencing _____ 1, 2016.

The term **“Investment Securities”** means any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Bondowner Representative and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (a);

(b) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(c) repurchase agreements (including those of the Bondowner Representative) fully secured by collateral security described in clause (a) or (b) of this definition, which collateral (i) is held by the Agent or a third party agent approved by the Bondowner Representative during the term of such repurchase agreement, (ii) is not subject to liens or claims of third parties and (iii) has a market value (determined at least once every fourteen (14) days) at least equal to the amount so invested;

(d) certificates of deposit of, or time deposits or deposit accounts in, any bank (including the Bondowner Representative) or savings and loan association (i) the debt obligations of which (or in the case of the principal bank of a holding company, the debt obligations of the bank holding company of which) have been rated "A" or better by S&P, or (ii) which are fully insured by the Federal Deposit Insurance Corporation, or (iii) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (a) or (b) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(e) investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated "AA-" or better by S&P, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated "AA-" or better by S&P, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated "AA-" or better by S&P;

(f) shares in any investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (a) or (b) of this definition and repurchase agreements fully secured by government securities described in clause (a) or (b) of this definition and/or other obligations rated "AAA" by S&P, including investment companies and master repurchase agreements from which the Bondowner Representative or an affiliate derives a fee for investment advising or other service;

(g) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated "A" or better by S&P or mutual funds invested only in such obligations;

(h) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

(i) commercial paper rated "A" or better by S&P;

(j) corporate notes or bonds with one year or less to maturity rated "A" or better by S&P;

(k) a money market account or savings account with the Bondowner Representative; or

(l) any other investment approved by the Bondowner Representative.

The term "**Issuance Costs**" means all costs and expenses of issuance of the Bonds, including, but not limited to: (a) Bond purchaser's discount and fees; (b) counsel fees, including Bond Counsel and Borrower's counsel, as well as any other specialized counsel fees incurred in

connection with the issuance of the Bonds or the Loan; (c) the Issuer's fees and expenses incurred in connection with the issuance of the Bonds, including fees of any advisor to the Issuer, and the Issuer administrative fee for processing the request of the Borrower to issue the Bonds; (d) Bondowner Representative's fees and expenses, and Bondowner Representative's counsel fees and expenses; (e) paying agent's and certifying and authenticating agent's fees related to issuance of the Bonds; (f) accountant's fees related to issuance of the Bonds; (g) publication costs associated with the financing proceedings; and (h) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The term "**Issuer**" means the County of Contra Costa, California, and its successors and assigns as provided in Section 11.01.

The term "**Loan**" means the loan made by the Issuer to the Borrower pursuant to the Agreement for the purpose of financing costs of the acquisition and construction by the Borrower of the Project.

The term "**Loan Agreement**" means the Agreement, as defined herein.

The term "**Loan Documents**" has the meaning given such term in the Loan Agreement.

The term "**Maturity Date**" means _____ 1, 20__.

The term "**Maximum Lawful Rate**" means the highest per annum rate of interest permissible to be borne by the Bonds under the Act and any other applicable laws of the State of California.

The term "**Note**" means the Promissory Note Secured by Deed of Trust evidencing the Loan, in the form executed by the Borrower on the Closing Date, and as it may be amended in accordance with the terms of the Loan Agreement and this Indenture.

The term "**Opinion of Counsel**" means a written opinion of counsel, who may be counsel for the Issuer, Bond Counsel or counsel for the Bondowner Representative.

The term "**Outstanding**" or "**outstanding**," when used as of any particular time with reference to Bonds, shall, subject to the provisions of Section 11.08(e), mean all Bonds theretofore authenticated and delivered by the Bondowner Representative under this Indenture except:

(a) Bonds theretofore canceled by the Bondowner Representative or surrendered to the Bondowner Representative for cancellation;

(b) Bonds for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01) shall have theretofore been deposited with the Bondowner Representative (whether upon or prior to the maturity or the redemption date of such Bonds); and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bondowner Representative pursuant to the terms of Section 2.05.

The term **“Outstanding”** or **“outstanding,”** when used with respect to the principal amount of any particular Bond, means the amount of the purchase price of the Bond theretofore advanced by the Bondowner, less any principal that has theretofore been repaid.

The term **“Person”** or **“person”** means an individual, a corporation, a partnership, a limited partnership, a limited liability company, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term **“Principal Office”** means the office of the Bondowner Representative located at the address set forth in Section 11.06 hereof, or at such other place as the Bondowner Representative shall designate by notice given under said Section 11.06.

The term **“Principal Payment Date”** means any date on which principal of the Loan is due and payable under the Note, as provided in the Loan Agreement and the Note.

The term **“Program Fund”** means the fund established pursuant to Section 3.03 hereof.

The term **“Project”** means 85 units of multifamily rental housing to be acquired and constructed by the Borrower with proceeds of the Loan, to be located at 3701 Tabora Drive in the City of Antioch, California, including fixtures and equipment, and including an allocable share of common areas in the building, as well as any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such units, areas and facilities, and shall include a fee interest in the real property on which such housing is to be located.

The term **“Project Costs”** has the meaning given such term in the Regulatory Agreement.

The term **“Qualified Project Costs”** has the meaning given such term in the Regulatory Agreement.

The term **“Regulations”** means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term **“Regulatory Agreement”** means the Regulatory Agreement and Declaration of Restrictive Covenants, dated the same date as the date of this Indenture, by and between the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term **“Responsible Officer”** of the Bondowner Representative means any officer of the Bondowner Representative assigned to administer its duties hereunder.

The term **"Revenues"** means all amounts pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, including, but not limited to, repayments of the Loan required or permitted to be made by the Borrower pursuant to Sections 2.1, 2.2(a), (c) and (d), 2.4 and 2.8 of the Loan Agreement; but such term shall not include payments to the United States, the Issuer, the Administrator or the Bondowner Representative pursuant to Sections 2.3, 3.3(c), (g) and (h), 3.4, 6.1, 6.2, 6.23, 6.30, 6.31, 9.4, 15.2, 15.5, or 16.30 of the Loan Agreement or Sections 6.08 or 8.06 hereof or Sections 2(t), 4A, 9 or 20 of the Regulatory Agreement.

The term **"S&P"** means S&P Global Ratings, or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Bondowner Representative.

The term **"State"** means the State of California.

The term **"Supplemental Indenture"** or **"Indenture Supplemental hereto"** means any indenture hereafter duly authorized and entered into between the Issuer and the Bondowner Representative in accordance with the provisions of this Indenture.

The term **"Tax Certificate"** means the Certificate as to Arbitrage of the Borrower and the Issuer dated the Closing Date.

The term **"Unassigned Rights"** means those certain rights of the Issuer under the Loan Agreement and the Regulatory Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to enforce the Regulatory Agreement pursuant to the terms of such agreement, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer), its right to receive notices and to grant or withhold consents or waivers under the Regulatory Agreement and this Indenture, its right to amend this Indenture and the Regulatory Agreement in accordance with the provisions hereof and thereof, and its right to approve any amendment to Sections 6.28, 6.29 or 6.33 of the Loan Agreement, or to Section 16.38 of the Loan Agreement that conflicts with Section 2.05 of this Indenture.

The terms **"Written Consent," "Written Demand," "Written Direction," "Written Election," "Written Notice," "Written Order," "Written Request"** and **"Written Requisition"** of the Issuer or the Borrower mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction. (a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to "Articles," "Sections" and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued bonds of the Issuer designated as “County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D,” in the aggregate principal amount of up to the Authorized Amount. No Bonds may be issued under this Indenture except in accordance with this Article.

Section 2.02. Terms of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any Supplemental Indenture.

The Bonds shall be issuable only as fully registered Bonds, without coupons, in the form of a single Bond in the principal amount equal to the aggregate of the purchase price of the Bonds advanced from time to time by the owner(s) of the Bonds (which principal amounts shall be, on the Closing Date, the amount referenced in Section 3.01(vii)). The Bonds shall be dated the Closing Date and shall be subject to redemption prior to maturity as provided in Article IV. The Bonds shall mature on the Maturity Date.

Interest shall be paid on the Outstanding principal amount of the Bonds, from the Closing Date until the maturity date of the Bonds, on each Interest Payment Date occurring during such period, at a rate equal to, and calculated in the same manner as, the interest payable on the Note.

Each Bond shall bear interest from the date to which interest has been paid on the Bonds next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

The payment or prepayment of principal of and interest on the Bonds shall be identical with and shall be made on the same terms and conditions as the payment of principal of and interest on the Note, as determined in accordance with the Loan Agreement and the Note. Any payment or prepayment made by the Borrower of principal and interest on the Note shall be deemed to be like payments or prepayments of principal and interest on the Bonds.

Payments or prepayments actually made by the Borrower to the Bondowner Representative shall be deemed to have been constructively received by the Holder as payments or prepayments on the Bonds on the date of receipt of such payments by the Bondowner Representative, and interest with respect to each principal payment or prepayment shall cease to accrue upon receipt of such payment by the Bondowner Representative. Payments or prepayments of principal or interest shall be remitted immediately by the Bondowner Representative to the Holder.

The Issuer hereby acknowledges that the Borrower is obligated to pay late fees, loan related fees and other charges under the Note (and as otherwise provided in the Loan Agreement) to the Bondowner Representative, which amounts are paid for the benefit of the Bondowner Representative and shall be retained by the Bondowner Representative for its own account.

Section 2.03. Payment of Bonds. Payment of the principal of and interest on any Bond shall be made in lawful money of the United States to the Person appearing on the Bond registration books of the Issuer (maintained by the Bondowner Representative) as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Bondowner Representative may, at the request of any registered owner of Bonds, make payments of principal and interest on such Bonds by wire transfer to the account within the United States designated by such owner to the Bondowner Representative in writing.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Issuer with the manual or facsimile signature of an Authorized Issuer Representative. The Bonds shall then be delivered to the Bondowner Representative for authentication by the Bondowner Representative. In case any Person who shall have signed any of the Bonds shall cease to be an Authorized Issuer Representative before the Bonds so signed shall have been authenticated or delivered by the Bondowner Representative or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though the Person who signed the same had continued to be an Authorized Issuer Representative. Also, any Bond may be signed on behalf of the Issuer by such Person as on the actual date of the execution of such Bond is an Authorized Issuer Representative although on the nominal date of such Bond any such person shall not have been an Authorized Issuer Representative.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed by the Bondowner Representative, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Bondowner Representative shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. (a) Any Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Bondowner Representative, required to be kept pursuant to the provisions of Section 2.06, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Bondowner Representative, accompanied by a written instrument of transfer in a form acceptable to the Bondowner Representative, duly executed. Whenever any Bond shall be surrendered for transfer, the Issuer shall execute and the Bondowner Representative shall authenticate and deliver a new Bond to the transferee.

(b) Notwithstanding any other provision hereof, Bonds which are rated lower than BBB-minus by a nationally-recognized municipal rating agency, or Bonds that are not rated, may not be registered in the name of, or transferred to, any person except an Approved Institutional Buyer that executes and delivers to the Bondowner Representative and the Issuer an investor letter substantially in the form attached hereto as Exhibit B; provided, however, that no investor letter is required to be executed by an Affiliate of the Initial Bond Purchaser or an Approved Institutional Buyer that is a trust or other custodial entity sponsored by the Initial Bond Purchaser or an Affiliate of the Initial Bond Purchaser.

Nothing contained in this Section 2.05(b) shall be deemed to limit or otherwise restrict the sale by any holder of any participation interests in any Bond; provided that (i) such holder shall remain the holder of record of such Bond following the sale of any such participation interest; (ii) the purchaser of the participation interest is an Approved Institutional Buyer (in which event such holder shall remain holder for all purposes of this Indenture); (iii) any such participation shall be in a principal amount of at least \$250,000; and (iv) the purchaser of such participation interest shall provide an investor letter to the Issuer substantially in the form of Exhibit B hereto.

(c) Bonds may only be transferred in Authorized Denominations.

(d) The Bondowner Representative shall not allow any transfer of the Note or the Loan, or any interest or interests therein, except in connection with a transfer of a like amount of the Bonds or an interest or interests in the Bonds.

(e) The Bondowner Representative shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same. The cost of printing any Bonds and any services rendered or any out-of-pocket expenses incurred by the Bondowner Representative in connection therewith shall be paid by the Borrower.

(f) The Bondowner Representative shall indemnify and defend the Issuer against any claim brought by any transferor or transferee of the Bonds in respect of the Bonds, this Indenture or any of the Loan Documents in the event that the Bondowner Representative permits a transfer of the Bonds, the Note, the Loan or any interest or interests in any of the foregoing in violation of the restrictions in Section 2.05(b) above.

(g) In no case shall a purchaser of a participation interest in any Bond be deemed to be a Holder of the Bonds, or have any rights of a holder of the Bonds or of the Bondowner Representative hereunder.

(h) Any purported transfer of Bonds not in compliance with the requirements of this Section 2.05 shall be void.

Section 2.06. Bond Register. The Issuer hereby appoints the Bondowner Representative as registrar and authenticating agent for the Bonds. The Bondowner Representative will keep or cause to be kept at its Principal Office sufficient books for the

registration and transfer of the Bonds, which shall at all reasonable times during regular business hours upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Bondowner Representative as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

Section 2.07. Replacement of Bonds. Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of any of the Bonds, or of any replacement Bonds, and, in the case of any such loss, theft, or destruction, upon the delivery of an indemnity agreement reasonably satisfactory to the Issuer or, in the case of any mutilation, upon the surrender and cancellation of such mutilated Bond, the Issuer, at the expense of the Holder of such Bond, will issue and the Bondowner Representative will authenticate a new Bond, of like tenor and series, in lieu of such lost, destroyed or mutilated Bond.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bonds and deliver them to the Bondowner Representative. Thereupon, and upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Bondowner Representative shall authenticate the Bonds in an aggregate principal amount not exceeding the Authorized Amount, and shall deliver the Bonds pursuant to the Written Order of the Issuer hereinafter mentioned. Prior to the authentication and delivery of any of the Bonds by the Bondowner Representative, there shall have been delivered to the Bondowner Representative each of the following:

- (i) a Certified Resolution authorizing issuance and sale of the Bonds and execution and delivery by the Issuer of the Indenture, the Loan Agreement and the Regulatory Agreement;
- (ii) an original executed counterpart of the Loan Agreement;
- (iii) the original executed Note, endorsed without recourse by the Issuer to Bondowner Representative;
- (iv) an original executed counterpart of the Assignment of Deed of Trust, the Deed of Trust and the other Loan Documents;
- (v) an opinion of Bond Counsel with respect to the due execution and delivery of the Indenture, Loan Agreement and Bonds and the exclusion from gross income of the Bondowners of interest on the Bonds for federal income tax purposes;
- (vi) an original executed counterpart of the Regulatory Agreement;
- (vii) a Written Order of the Issuer to the Bondowner Representative to authenticate and deliver the Bonds as directed in such Written Order, upon payment to Old Republic Title Company, for the account of the Issuer, of the Initial Disbursement;
- (viii) an Investor's Letter in the form of Exhibit B hereto, signed by the initial owner of the Bonds; and
- (ix) an opinion of counsel to the Borrower addressed to the Issuer to the effect that the Loan Documents to which the Borrower is a party and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Bondowner Representative and the Issuer.

Section 3.02. Application of Proceeds of Bonds. The proceeds received on the Closing Date by the Issuer from the sale of the Bonds shall be deposited with the Bondowner Representative, who shall deposit any portion of such proceeds which are not to be concurrently disbursed to or for the account of the Borrower into the Program Fund created pursuant to Section 3.03. The Bondowner Representative shall deposit any portion of any future advance of the purchase price of the Bonds which is not to be concurrently disbursed to or for the account of the Borrower into the Program Fund.

Section 3.03. Program Fund. (a) There is hereby created and established with the Bondowner Representative a fund which shall be designated the "Program Fund." Upon the initial delivery of the Bonds, there shall be deposited in the Program Fund the amount specified in Section 3.01(vii). If required under the provisions of Section 3.02, the Bondowner Representative shall deposit any future advances of the purchase price of the Bonds to the Program Fund. The Borrower also may be required to remit moneys to the Bondowner Representative for deposit to the Program Fund pursuant to the Loan Agreement. Amounts deposited or held in such fund shall be applied only as provided in this Section.

(b) An amount equal to the Initial Disbursement, representing the initial advance by the owners of the Bonds of the purchase price of the Bonds, shall be disbursed by the Bondowner Representative via wire transfer from the Bondowner Representative to Old Republic Title Company (to pay Project Costs).

(c) Subject to Section 2.01 hereof, the Issuer hereby authorizes and directs the disbursement by the Bondowner Representative to the Borrower of the principal amount of the Bonds not disbursed under Section 3.03(b) above, represented by future advances of the purchase price of the Bonds and any amounts from time to time on deposit in the Program Fund in accordance and upon compliance with the provisions of Sections 3.3 and 3.4, as applicable, of the Loan Agreement. The Bondowner Representative shall provide, upon written request of the Issuer, a written notice to the Issuer describing the date of each disbursement of the purchase price of the Bonds and the amount of each disbursement thereof made by the Bondowner Representative.

(d) Neither the Bondowner Representative nor the Issuer shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

(e) From and after the earlier of (i) the Conversion Date or (ii) August 1, 2019, no further advances of the purchase price, or disbursements of the proceeds, of the Bonds shall occur.

(f) During the period when the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, the Program Fund need not be separately established or administered but rather the Bondowner Representative may hold and administer any amounts to be deposited in such fund in the manner it customarily employs for administration and servicing of amounts to be loaned to borrowers, so long as at all times the Bondowner Representative can determine the amounts attributable to the Bonds and the Loan and any investment earnings thereon.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Circumstances of Redemption. The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the Outstanding principal amount of Bonds plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon prepayment of the Note in whole or in part in accordance with the provisions of the Loan Agreement.

(b) The Bonds shall be subject to redemption in whole on any date at a price equal to the Outstanding principal amount of Bonds plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon acceleration of the Loan in whole following an Event of Default (as defined in the Loan Agreement).

(c) The Bonds shall be subject to redemption in whole or in part on any date at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory prepayment of the Note under the terms of the Note.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption, and, if moneys provided from the sources contemplated by this Indenture, the Loan Agreement and the Note are available, to redeem the applicable Bonds so called on the date so fixed by the Bondowner Representative. If there is more than one Bondowner of the Bonds to be redeemed in part as of any date of redemption, the Bonds shall be redeemed pro rata among the Bondowners. So long as there is only one Bondowner, the Bondowner need not surrender its Bond in connection with any redemption of the Bonds. The Bondowner Representative shall give written notice of such redemption to the Issuer.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bonds need be given to the Holders of the Bonds.

Section 4.03. Effect of Redemption. The Bonds so called for redemption shall, on the redemption date selected by the Bondowner Representative, become due and payable at the redemption price specified herein, and if moneys provided from the sources contemplated by this Indenture and the Loan Agreement for payment of the redemption price are then held by the Bondowner Representative, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds fully redeemed pursuant to the provisions of this Article IV shall be destroyed by the Bondowner Representative, which shall thereupon deliver to the Issuer, upon the Issuer's written request, a certificate evidencing such destruction.

ARTICLE V

REVENUES

Section 5.01. Pledge of Revenues. The Issuer is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purposed to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Issuer has duly authorized the execution and delivery of the Bonds and the Indenture under the terms and provisions of the Act and a resolution adopted by the Board of Supervisors of the Issuer and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Issuer of the Bonds and the Indenture. The Issuer has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the Issuer.

All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of, and interest and any premium on, the Bonds. The Issuer also hereby irrevocably transfers, grants a security interest in and assigns to the Bondowner Representative, for the benefit of the holders from time to time of the Bonds all of the Issuer's right, title and interest in (a) the Revenues; (b) all other amounts payable to Issuer under, or pursuant to, the Note and the other Loan Documents, including but not limited to all proceeds of any title insurance policy, casualty insurance policy or other insurance policy, all proceeds of any condemnation or other taking and all revenues, proceeds, payments and other amounts received from any foreclosure (or action in lieu of foreclosure) or other enforcement action taken pursuant to the Deed of Trust or any other Loan Document (other than amounts paid pursuant to Section 12.10 of the Loan Agreement (solely as they relate to the indemnification of the Issuer and its officers, Supervisors, employees, attorneys and agents); (c) all amounts from time to time on deposit in any fund or account created hereunder, under the Loan Agreement or under any other Loan Document and held by the Bondowner Representative; (d) the Deed of Trust; (e) the Loan Agreement (except for the Unassigned Rights, including the rights of the Issuer under Sections 4A, 9 and 20 of the Regulatory Agreement and Section 12.10 of the Loan Agreement (solely as they relate to the indemnification of the Issuer and its officers, Supervisors, employees, attorneys and agents); (f) the Note; (g) the other Loan Documents; (h) all amendments, modifications, supplements, increases, extensions, replacements and substitutions to or for any of the foregoing; and (i) all proceeds of the foregoing, whether voluntary or involuntary.

The Issuer hereby acknowledges and agrees that, as a result of the assignment and pledge provided for in this Section 5.01, the Issuer has assigned and pledged to Bondowner Representative, and Bondowner Representative shall have the sole right to hold and exercise, all of the rights and remedies (other than the Unassigned Rights) given to Issuer under the Loan Agreement, the Note, the Deed of Trust and the other Loan Documents (except as expressly set forth in the Regulatory Agreement, which allows the Issuer to independently pursue remedies thereunder), including, but not limited to, the following: (i) the right to administer and service the Loan and to amend, modify, supplement, terminate, release and/or reconvey the Loan and the Loan Documents; (ii) the right to enforce the terms and provisions of the Loan Documents; (iii) the right to record and/or file all documents, instruments and agreements which Bondowner Representative deems necessary or desirable to create, preserve, protect and/or

release the liens created by the Deed of Trust and the other Loan Documents; and (iv) the right to collect, hold and disburse amounts to be collected, held and/or disbursed under the Loan Documents, including, but not limited to, principal, interest, fees (other than fees payable to the Issuer), prepayment premiums, default interest, late payment charges, real estate tax impounds, insurance impounds, operating reserve deposits, replacement reserve deposits, title insurance proceeds, casualty insurance proceeds, other insurance proceeds, condemnation and other taking awards and proceeds and other amounts.

All Revenues and all amounts on deposit in the funds and accounts created hereunder or under the Loan Agreement and the other Loan Documents and held by the Bondowner Representative shall be held for the benefit of the holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

The Bonds are limited obligations of the Issuer, payable solely from and secured by the pledge of the Revenues hereunder. None of the Issuer, the City of Antioch or the State or any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Issuer, the City of Antioch or the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation.

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement or the other Loan Documents.

Section 5.02. Bond Fund. There is hereby created and established with the Bondowner Representative a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Bondowner Representative shall deposit in the Bond Fund from time to time, upon receipt thereof, all Revenues, including (a) income received from the investment of moneys on deposit in the Bond Fund, and (b) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower. The Bondowner Representative shall provide notice to the Issuer, upon written request of the Issuer, of the amounts received by the Bondowner Representative which constitute Revenues or are otherwise deposited to the Bond Fund, and of any failure by the Borrower to make timely payments on the Note.

Moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

On each date on which principal of or interest on the Bonds is due and payable, the Bondowner Representative shall pay such amount from the Bond Fund (to the extent of the funds contained therein).

So long as the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, no Revenues shall be deposited into the Bond Fund, and instead all such Revenues, including any payments or prepayments of principal, interest or premium, if any, on the Note actually made by the Borrower to the Bondowner Representative shall be deemed to be like payments or prepayments of principal, interest or premiums (if any) on the Bonds (and no such payments or prepayments shall be required to be deposited into the Bond Fund).

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Bondowner Representative pursuant to this Indenture shall be invested by the Bondowner Representative in Investment Securities selected and directed in writing by the Borrower with the prior written consent of the Bondowner Representative, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Bondowner Representative. In the absence of such directions, the Bondowner Representative shall invest such monies in Investment Securities described in clause (k) of the definition thereof. The Bondowner Representative shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Bondowner Representative shall have no duty to determine Fair Market Value or present value hereunder.

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. The Bondowner Representative may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Bondowner Representative shall not be liable or responsible for any loss resulting from such sale or redemption.

The Bondowner Representative may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Bondowner

Representative and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to the extent permitted by law. The Bondowner Representative will furnish the Borrower and the Issuer (to the extent requested by it) periodic cash transaction statements which include detail for all investment transactions made by the Bondowner Representative hereunder.

During the period that the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, the Bondowner Representative may hold all funds commingled in a single fund, uninvested, or apply such funds as otherwise agreed between the Bondowner Representative and the Borrower, provided that at all times the Bondowner Representative can determine the amounts attributable to the Bonds and the Loan and any investment earnings thereon.

Section 5.04. Enforcement of Obligations. The Bondowner Representative also shall be entitled (but not required, unless (i) requested to do so by the holders of a majority in principal amount of the Bonds then Outstanding and (ii) if required by the Bondowner Representative, provided with indemnification to its satisfaction against the costs, expenses and liabilities incurred in compliance with such request) to take all steps, actions and proceedings reasonably necessary in its judgment: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Agreement, the Deed of Trust and the other Loan Documents, (b) to require compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues, and (c) to be reimbursed for its expenses (including attorney's fees) by the Borrower in taking any action referred to in the preceding clauses (a) or (b).

Section 5.05. Notice of Payment in Full of Bonds. The Bondowner Representative shall provide the Issuer with notice that the Bonds have been paid-in-full, promptly following when such payment occurs.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Payment of Principal and Interest. The Issuer shall punctually pay, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof. When and as paid in full, all Bonds shall be delivered to the Bondowner Representative and shall forthwith be destroyed.

Section 6.02. Paying Agents. The Issuer, with the written approval of the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Issuer may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds; provided, however, that so long as Wells Fargo Bank, National Association and/or one or more of its affiliates are the registered owners of all of the Bonds then Outstanding, the Bondowner Representative shall have the sole right to appoint, remove and/or replace any paying agent(s) for the Bonds. It shall be the duty of the Bondowner Representative to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Bondowner Representative for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at any place of payment. The paying agent initially appointed hereunder is the Bondowner Representative.

Section 6.03. Preservation of Revenues; Amendment of Documents. The Issuer (a) shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Bondowner Representative of rights of the Issuer under the Agreement, the Deed of Trust and the other Loan Documents, or the Bondowner Representative's enforcement of any rights hereunder or thereunder; provided that the Issuer may take actions under or pursuant to the Unassigned Rights, (b) shall not take any action to impair the validity or enforceability of the Agreement, the Deed of Trust or the other Loan Documents, and (c) shall not waive any of its rights under or any other provision of or permit any amendment of the Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondowner Representative; provided that such consent of the Bondowner Representative shall not be required if the Bondowner Representative shall have received an opinion of Bond Counsel to the effect that such amendment (i) is required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes or compliance by the Bonds or the Project with the Act and the laws of the State of California; and (ii) will not adversely affect the interests of the Bondholders.

The Bondowner Representative may give such written consent, and may itself take any such action or consent to a waiver of any provision of or an amendment or modification to or replacement of the Agreement, the Deed of Trust, the Regulatory Agreement, any of the other Loan Documents, or any other document, instrument or agreement relating to the security for the Bonds, only if (i) such action or such waiver, amendment, modification or replacement (a) is authorized or required by the terms of this Indenture, the Agreement, the Deed of Trust, the applicable Loan Documents or the Regulatory Agreement, or (b) will not, based on an Opinion

of Counsel furnished to the Bondowner Representative, materially adversely affect the interests of the holders of the Bonds or result in any impairment of the security hereby given for the payment of the Bonds, or (c) has first been approved by the written consent of all of the holders of the Bonds then Outstanding; (ii) the Bondowner Representative shall have first obtained an opinion of Bond Counsel to the effect that such action or such waiver, amendment, modification or replacement will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or conformance of the Bonds and the Project with the Act or the laws of the State of California relating to the Bonds; and (iii) the Bondowner Representative provides written notice of any amendment to, or modification or replacement of, any Loan Document to the Issuer. The foregoing provisions of this paragraph, however, shall not in any way abrogate the Unassigned Rights of the Issuer; and provided that in any event any amendments to such documents do not provide for any additional duties or costs with respect to the Issuer for which the Borrower does not agree in advance to reimburse or indemnify the Issuer therefore.

Section 6.04. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. The Issuer shall not suffer or permit any default within its power to occur under this Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements hereof. So long as any Bonds are Outstanding, the Issuer shall not create or suffer to be created any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.05. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer (at the sole cost and expense of the Borrower) shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the holders of the Bonds all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.06. No Arbitrage. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not take, nor permit nor suffer to be taken by the Bondowner Representative or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

Section 6.07. Limitation of Expenditure of Proceeds. The Issuer shall assure, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that not less than 95 percent of the amount advanced as the purchase price of the Bonds, plus premium (if any) paid on the purchase of the

Bonds by the original purchaser thereof from the Issuer, less any original discount, are used for Qualified Project Costs, and that less than 25 percent of such amount is used for land or an interest in land. The Bondowner Representative shall have no obligation to monitor the Issuer's compliance with or to enforce the terms of this Section.

Section 6.08. Rebate of Excess Investment Earnings to United States. The Issuer hereby covenants, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate (including the Borrower's covenant to make any required rebate payments pursuant to Section 2(t) of the Regulatory Agreement or otherwise) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and to pay an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

Section 6.09. Limitation on Issuance Costs. The Issuer shall assure, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate that, from the proceeds of the Bonds received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Bonds shall be used to pay for, or provide for the payment of, Issuance Costs. For this purpose, if the fees of such original purchaser are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for Issuance Costs.

Section 6.10. Federal Guarantee Prohibition. The Issuer covenants that it shall take no action nor, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.11. Prohibited Facilities. The Issuer, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. The Issuer, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Bonds are used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.12. Use Covenant. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not use or knowingly permit the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an

obligation not described in Section 142(d) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.13. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Issuer shall be wholly protected as to action taken or omitted under the Bond Documents in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it under the Bond Documents in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it under the Bond Documents because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it under the Bond Documents pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it under the Bond Documents by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it with respect to the foregoing matters. The Issuer shall in no event be liable under the Bond Documents for the application or misapplication of funds or for other acts or defaults by any Person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

A default by the Borrower in any of its covenants, representations and agreements in the Loan Agreement, the Regulatory Agreement or the Tax Certificate on which the Issuer is relying in Sections 6.06 through 6.12 hereof shall not be considered a default hereunder by the Issuer.

The Borrower has indemnified the Issuer against certain acts and events as set forth in Sections 6.23 and 16.30 of the Loan Agreement, and Section 9 of the Regulatory Agreement. Such indemnity shall survive payment of the Bonds and discharge of the Indenture.

Section 6.14. Additional Representations by the Issuer. The Issuer hereby represents and warrants to the Bondholders and the Bondowner Representative that, as of the Closing Date:

- (a) The Issuer is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State and is duly authorized enter into and perform its obligations under this Indenture.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery by the Issuer of this Indenture. The Issuer has taken all necessary action and has complied with all provisions of the law required to make this Indenture a valid and binding limited obligation of the Issuer, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Bonds have been duly authorized, executed and delivered by the Issuer. Nothing in this Indenture shall be construed as requiring the Issuer to provide any financing for the Projects, other than to use the proceeds of the Bonds to make the Loan, or to provide sufficient moneys for all of the costs of financing the Project.

(d) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Issuer that (i) affects or seeks to prohibit, restrain or enjoin the execution or delivery of this Indenture, the origination of the Loan or the lending of the proceeds of the Loan to the Borrower, or the execution and delivery of the Bond Documents, (ii) affects or questions the validity or enforceability of the Bonds or the Bond Documents, or (iii) questions the tax-exempt status of interest on the Bonds.

The Issuer makes no representation or warranty that the Project will be adequate or sufficient for the purposes of the Borrower. Nothing in this Indenture shall be construed as requiring the Issuer to provide any financing for the Project other than from the proceeds of the Loan.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default. Each of the following events shall constitute an “Event of Default” hereunder:

(a) failure to pay the principal of any Bond when and as the same shall become due and payable, whether by proceedings for redemption, by declaration or otherwise and such failure is not cured within ten (10) days; provided, however, that there shall be no cure period for the outstanding principal which is due and payable on the Maturity Date;

(b) failure to pay any installment of interest on any Bond when such interest installment shall become due and payable and such failure is not cured within ten (10) days; provided, however, that there shall be no cure period for the outstanding interest which is due and payable on the Maturity Date;

(c) the occurrence of an Event of Default under the Loan Agreement; and

(d) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer and the Borrower by the Bondowner Representative, or to the Issuer, the Borrower and the Bondowner Representative by the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding.

No default specified in (d) above shall constitute an Event of Default unless the Issuer or the Borrower shall have failed to correct such default within the applicable period; provided, however, that if such default described in (d) above shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Borrower within the applicable period and diligently pursued until the default is corrected not to exceed one hundred eighty (180) days (provided that a default by reason of nonpayment of Bondowner Representative’s fees and expenses may only be waived by the Bondowner Representative). With regard to any alleged default concerning which notice is given to the Borrower under the provisions of (d) above, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

Upon the occurrence of an Event of Default described in (a), (b) or (c) above, unless the principal of all the Bonds shall have already become due and payable, the Bondowner Representative may, and upon the written request of the owners of a majority of the Bonds at the time Outstanding in the case of an Event of Default described in (d) above, the Bondowner Representative shall, by notice in writing to the Issuer, declare the principal of all the Bonds

then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration of acceleration, the Bondowner Representative shall fix a date for payment of the Bonds.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before the first to occur of (a) the date of entry of any judgment or decree for the payment of the moneys due as hereinafter provided or (b) the date five (5) days prior to the date fixed for foreclosure of the Deed of Trust or the liens of any of the other Loan Documents, there shall have been deposited with the Bondowner Representative a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal, all other amounts owing under the Loan Documents, and the reasonable fees and expenses of the Bondowner Representative, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Bondowner Representative (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bondowner Representative or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then, and in every such case, the declaration shall be rescinded and annulled; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02. Institution of Legal Proceedings by Bondowner Representative. If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may, and upon the written request of the holders of a majority in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction against the costs, expenses and liabilities to be incurred in compliance with such request, the Bondowner Representative shall (subject to Section 7.08 hereof) proceed to protect or enforce its rights and/or the rights of the holders of Bonds under the Act or under this Indenture, the Agreement and/or the other Loan Documents, by foreclosure of the Deed of Trust by exercise of the power of private sale thereunder or by judicial action, by foreclosure of or other realization upon the security interests in personal property created pursuant to the Loan Documents by strict foreclosure, judicial action or other remedies permitted by applicable laws, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder; provided that any such request from the Bondholders shall not be in conflict with any rule of law or with this Indenture, expose the Bondowner Representative to personal liability or be unduly prejudicial to Bondholders not joining therein.

Section 7.03. Application of Moneys Collected by Bondowner Representative. Any moneys collected by the Bondowner Representative pursuant to Section 7.02 shall be applied in the order following, at the date or dates fixed by the Bondowner Representative and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon

presentation of the Bonds and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: For payment of all amounts due to the Bondowner Representative under Section 8.06.

Second: For deposit in the Bond Fund (or as otherwise provided in the last paragraph of Section 5.02) to be applied to payment of the principal of all Bonds then due and unpaid, the premium (if any) and interest thereon; ratably to the Persons entitled thereto without discrimination or preference.

Third: For payment of all other amounts due to any Person hereunder or under the Loan Agreement or the other Loan Documents (other than payments on the Bonds).

Fourth: To the Borrower.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Bondowner Representative or of any holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Bondowner Representative or to the holders of Bonds may be exercised from time to time and as often as shall be deemed expedient. In case the Bondowner Representative shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Bondowner Representative, then and in every such case the Issuer, the Bondowner Representative and the holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Issuer, the Bondowner Representative and the holders of the Bonds shall continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondowner Representative or to any holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06. Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Bondowner Representative upon demand, but only out of Revenues, for the benefit of the holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Bondowner Representative, its agents and counsel, and any expenses or liabilities incurred by the Bondowner Representative hereunder. In case the Issuer shall fail to pay the same forthwith upon such demand, the Bondowner Representative, in its own name and as trustee of an express trust, and upon being indemnified to its satisfaction, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject,

however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues and any other assets pledged, transferred or assigned to the Bondowner Representative under Section 5.01 as herein provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

Section 7.07. Bondowner Representative Appointed Agent for Bondholders. The Bondowner Representative is hereby appointed the agent of the holders of all Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds.

Section 7.08. Power of Bondowner Representative to Control Proceedings. In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the written request of the holders of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Bondowner Representative shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the holders of at least a majority in principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.09. Limitation on Bondholders' Right to Sue. No holder of any Bond (except the Bondowner Representative, if it is a holder of Bonds) issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such holder shall have previously given to the Bondowner Representative written notice of the occurrence of an Event of Default hereunder; (b) the holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Bondowner Representative to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said holders shall have tendered to the Bondowner Representative indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Bondowner Representative shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bondowner Representative.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any holder of Bonds (except the Bondowner Representative, if it is a holder of Bonds) of any remedy hereunder; it being understood and intended that no one or more holders of Bonds (except the Bondowner Representative, if it is a holder of Bonds) shall have any right in any manner whatever by its or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be

instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the Outstanding Bonds.

The right of any holder of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, except as otherwise provided or allowed pursuant to Sections 5.04, 7.02 and/or 7.08 of this Indenture.

Section 7.10. Limitation of Liability to Revenues. Notwithstanding anything in this Indenture contained, the Issuer shall not be required to advance any moneys derived from any source, other than the Revenues, for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. The Bonds are limited obligations of the Issuer, and are payable from and secured by the Revenues only. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or this Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

ARTICLE VIII

THE BONDOWNER REPRESENTATIVE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Bondowner Representative. The Bondowner Representative shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Bondowner Representative shall be implied in this Indenture. The Bondowner Representative shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as reasonable persons familiar with such matters would exercise or use under similar circumstances in the conduct of their own affairs.

No provision of this Indenture shall be construed to relieve the Bondowner Representative from liability for its own negligence, negligent actions or its own negligent failure to act, except that:

(a) the duties and obligations of the Bondowner Representative shall be determined solely by the express provisions of this Indenture, the Bondowner Representative shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Bondowner Representative; and in the absence of bad faith on the part of the Bondowner Representative, the Bondowner Representative may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bondowner Representative conforming to the requirements of this Indenture;

(b) At all times, regardless of whether or not any Event of Default shall exist, (i) the Bondowner Representative shall not be liable for any error of judgment made in good faith by a Responsible Officer or officers or by any agent or attorney of the Bondowner Representative appointed with due care (except as otherwise provided in Section 8.01(f)) unless the Bondowner Representative was negligent in ascertaining the pertinent facts; and (ii) the Bondowner Representative shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the holders of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bondowner Representative, or exercising any trust or power conferred upon the Bondowner Representative under this Indenture;

(c) The Bondowner Representative shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer or the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding, or (ii) any default under the Regulatory Agreement

unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer or the Borrower;

(d) Before taking any action under Article VII hereof or this Section at the request or direction of the Bondholders, the Bondowner Representative may require that a satisfactory indemnity bond be furnished by the Bondholders, for the reimbursement of all costs and expenses to which it may be put and to protect it against all liability which may be incurred in compliance with such request or direction, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer to the Bondowner Representative to take any action under any provision of this Indenture, the Issuer shall furnish to the Bondowner Representative a Certificate of the Issuer stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Bondowner Representative may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys and the Bondowner Representative shall not be responsible for any negligence or misconduct on the part of any agent or attorney appointed with due care by it hereunder (but this provision shall not prohibit any action against any such agent or attorney for their negligent acts);

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Bondowner Representative for any purpose, and the Bondowner Representative shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Bondowner Representative shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Bondowner Representative reasonably believes such telephonic notice has been given by a Person authorized to give such notice;

(i) The immunities extended to the Bondowner Representative also extend to its directors, officers, employees and agents;

(j) Under no circumstances shall the Bondowner Representative be liable in its individual capacity for the obligations evidenced by the Bonds, it being the sole obligation of the Bondowner Representative to administer, for the benefit of the Bondholders, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Bondowner Representative hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Bondowner Representative shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage expressly provided for herein with respect to a particular action) in aggregate principal amount of Bonds Outstanding related to the exercise of any right, power or remedy available to the Bondowner Representative; and

(m) The Bondowner Representative shall have no duty to review any financial statements, budgets or other financial information filed with it by or on behalf of the Borrower under or pursuant to the Loan Agreement or the other Loan Documents.

None of the provisions contained in this Indenture shall require the Bondowner Representative to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Bondowner Representative shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Bondowner Representative to Rely Upon Documents, Etc.
Except as otherwise provided in Section 8.01:

(a) The Bondowner Representative may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Bondowner Representative by a Certified Resolution;

(c) The Bondowner Representative may consult with counsel (who may be counsel for the Issuer, counsel for the Bondowner Representative or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Bondowner Representative shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of

negligence or bad faith on the part of the Bondowner Representative, be deemed to be conclusively proved and established by a Certificate of the Issuer; and such Certificate of the Issuer shall, in the absence of negligence or bad faith on the part of the Bondowner Representative, be full warrant to the Bondowner Representative for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) The Bondowner Representative shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Bondowner Representative, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

Section 8.03. Bondowner Representative Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bondowner Representative assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Bondowner Representative shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Bondowner Representative makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bonds, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bonds as obligations of the Issuer. The Bondowner Representative shall not be accountable for the use or application by the Issuer of any of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Issuer or the Borrower or their agents.

Section 8.04. Intervention by Bondowner Representative. The Bondowner Representative may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Bondowner Representative and its counsel, has a substantial bearing on the interests of owners of the Bonds and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owners of a majority in aggregate principal amount of all Bonds then Outstanding.

Section 8.05. Moneys Received by Bondowner Representative. All moneys received by the Bondowner Representative shall, until used or applied as herein provided, be held exclusively (subject to other provisions of this Indenture governing disposition of monies in funds and accounts) for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Bondowner Representative shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon. Any moneys held by the Bondowner Representative may be deposited by it in its banking department and invested in Investment Securities.

Section 8.06. Compensation and Indemnification of Bondowner Representative and Agents. The Borrower is required under the Loan Agreement: (a) to pay to the Bondowner Representative certain fees and other compensation as set forth therein and under the other agreements related to the Bonds to which it is a party; (b) to reimburse the Bondowner Representative upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bondowner Representative in accordance with any provision of this Indenture or other agreement related to the Bonds to which the Bondowner Representative is a party or incurred in complying with any request made by the Issuer with respect to the Bonds (including the reasonable compensation and the expenses and disbursements of its agents and counsel); (c) to indemnify the Bondowner Representative and to hold it harmless as set forth therein and in the other agreements related to the Bonds to which it is a party; and (d) to indemnify the Bondowner Representative for any reasonable fees incurred during a period of default hereunder.

If any property, other than cash, shall at any time be held by the Bondowner Representative subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Bondowner Representative, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Bondowner Representative as such, except funds held by the Bondowner Representative for the benefit of the holders of particular Bonds owned by other than the Bondowner Representative and/or its affiliates, which amounts shall be held solely for the benefit of those Bondholders and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Bondowner Representative's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment of the Bonds.

Section 8.07. Qualifications of Bondowner Representative. The Bondowner Representative hereunder shall be Wells Fargo Bank, National Association or a corporation, limited liability company, partnership or banking association organized and doing business under the laws of the United States or of a state thereof. No change in the Bondowner Representative shall be made except upon the written direction of the owners of a majority in the principal amount of the Bonds Outstanding (any replacement Bondowner Representative that is not either affiliated with the then Bondowner Representative or that is not the owner of a majority in principal amount of the then Outstanding Bonds, to be reasonably acceptable to the Issuer). The Issuer shall have no right to remove or replace the Bondowner Representative.

Any successor Bondowner Representative shall acknowledge its acceptance of its obligations under this Indenture by a written instrument delivered to the Issuer, the Borrower and, if the successor is not the sole owner of all of the Bonds then Outstanding, the owners of the Bonds.

Section 8.08. Merger or Consolidation of Bondowner Representative. Any corporation or association into which the Bondowner Representative may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Bondowner Representative shall be a party, or any corporation or association succeeding to the bond purchase program business of the Bondowner Representative, shall be the successor of the Bondowner Representative hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Bondowner Representative shall be eligible under the provisions of Section 8.07 (other than the parenthetical contained therein).

Section 8.09. Dealing in Bonds. The Bondowner Representative, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Bondowner Representative in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee, bondowner representative or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 8.10. Indemnification of Issuer by Bondowner Representative. The Bondowner Representative acknowledges that notwithstanding any other provision of this Indenture, the Bondowner Representative is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Bonds and the Loan. The Bondowner Representative agrees to indemnify, hold harmless and defend the Issuer and its Supervisors, officers, agents and employees against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to any act or omission on the part of the Bondowner Representative under the Bond Documents or the Loan Documents caused by the negligence or willful misconduct of the Bondowner Representative.

If a third party makes a claim against the Issuer that may be subject to indemnification pursuant to this Section 8.10, the Issuer shall give prompt written notice of such claim to the Bondholder Representative; provided, however, that the failure to provide such notice shall not release the Bondholder Representative from any of its obligations hereunder except only to the extent the Bondholder Representative is prejudiced by such failure. The Bondholder Representative shall be entitled to assume and control the defense of such claim at its expense through counsel of its choice, provided that such counsel is reasonably satisfactory to the Issuer. The Issuer shall cooperate with the Bondholder Representative, at the expense of the Bondholder Representative, in such defense and make available to the Bondholder Representative any witnesses, pertinent records, materials and information in the Issuer's possession as reasonably required by the Bondholder Representative. The Issuer shall have no right to settle or compromise any claim or consent to the entry of any judgment against the Issuer which is the subject of indemnification hereunder without the prior written consent of the Bondholder Representative; and the Bondholder Representative shall have no right to settle

or compromise any claim against the Issuer or consent to the entry of any judgment against the Issuer without the prior written consent of the Issuer.

Section 8.11. Bondowner Representative Not Agent of Issuer. The Bondowner Representative acknowledges that notwithstanding any other provision of this Indenture, the Bondowner Representative is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Bonds and the Loan.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. With the prior written consent of all of the holders of the Bonds at the time Outstanding, evidenced as provided in Section 11.08, the Issuer and the Bondowner Representative may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture; provided, however, that, no such Supplemental Indenture shall reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of such Supplemental Indentures. Upon receipt by the Bondowner Representative of a Certified Resolution authorizing the execution of any such Supplemental Indenture, and upon the filing with the Bondowner Representative of evidence of the consent of Bondholders, as aforesaid, the Bondowner Representative shall join with the Issuer in the execution of such Supplemental Indenture, unless (i) such Supplemental Indenture affects the Bondowner Representative's own rights, duties or immunities under this Indenture or otherwise, in which case the Bondowner Representative may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture; or (ii) such Supplemental Indenture affects the rights or obligations of the Borrower hereunder or under the Loan Agreement, in which case the Bondowner Representative shall enter into such Supplemental Indenture only if the Bondowner Representative has received the Borrower's written consent thereto.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Bondowner Representative of any Supplemental Indenture pursuant to the provisions of this Section, the Bondowner Representative (unless at the time the Bondowner Representative and/or one or more of its affiliates are the owners of all of the Bonds then Outstanding) shall give Bondholders and the Borrower, by first class mail, a notice setting forth in general terms the substance of such Supplemental Indenture. Any failure of the Bondowner Representative to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Bondowner Representative and all holders of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Bondowner Representative shall be entitled to receive, and shall

be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared and authenticated by the Bondowner Representative and delivered without cost to the holders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DISCHARGE OF INDENTURE

Section 10.01. Discharge of Indenture. If the entire indebtedness on all Bonds Outstanding shall be paid and discharged in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds Outstanding; or

(b) by the delivery to the Bondowner Representative, for cancellation by it, of all Bonds Outstanding;

and if all other sums payable hereunder by the Issuer shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Bondowner Representative shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Bondowner Representative (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Bondowner Representative to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith.

The Issuer or the Borrower may at any time surrender to the Bondowner Representative for cancellation by it any Bonds previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of Issuer. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Issuer, the Bondowner Representative, the Borrower and the holders of the Bonds issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Bondowner Representative, the Borrower and the holders of the Bonds issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Bondowner Representative and the delivery to the Issuer of any Bonds, the Bondowner Representative may, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to the Issuer.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Bondowner Representative or the Borrower if the same shall, except as otherwise provided herein, be duly made by U.S. certified mail, return receipt requested, postage prepaid, by a nationally-recognized overnight delivery service or by telecopier (promptly confirmed by mail or overnight delivery service as described above), in each case addressed to the appropriate party at the address for such party set forth below:

The Issuer or the Administrator:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94533 Attention: Community Development Bond Program Manager
The Bondowner Representative:	Wells Fargo Bank, National Association 4747 Executive Drive, 3 rd Floor San Diego, California 92121 Attention: Loan Administrator
with a copy to:	Wells Fargo Bank, National Association 333 Market Street, 18 th Floor MAC A0119-183 San Francisco, California 94105 Attention: Loan Administration Officer
The Borrower:	Tabora Gardens, L.P. c/o Satellite Affordable Housing Associates 1835 Alcatraz Avenue Berkeley, California 94703 Attention: Executive Director
with a copy to:	Gubb & Barshay LLP 505 14th Street, Suite 1050 Oakland, California 94612 Attention: Scott Barshay, Esq.
and a copy to:	_____ c/o Raymond James Tax Credit Funds, Inc. 880 Carillon Parkway St. Petersburg, Florida 33716 Attention: _____
and a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, 64 th Floor Los Angeles, California 90071 Attention: Rachel Rosner, Esq.

Except as provided in the immediately succeeding sentence, any notice given in accordance with this Section 11.06 shall be deemed to have been duly given upon actual receipt or refusal to accept delivery. The Issuer, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, which shall be effective 7 days after such notice is given as provided herein.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by the Authorized **Issuer** Representative or on behalf of the Borrower by an Authorized Borrower Representative, and the Issuer, the Bondowner Representative and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholders. (a) Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of any Bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bondowner Representative and of the Issuer if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(c) The ownership of Bonds shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Bondowner Representative may deem sufficient. The Bondowner Representative may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bondowner Representative or the Issuer in pursuance of such request, consent or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Borrower or any affiliate of the Borrower or by any other direct or indirect obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Bondowner Representative shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Bondowner Representative knows to be so owned shall be disregarded. Bonds so owned which have been

pledged in good faith may be regarded as Outstanding for the purposes of this subsection (e) if the pledgee shall establish to the satisfaction of the Bondowner Representative and the Issuer the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Bondowner Representative taken upon the advice of counsel shall be final and binding upon all holders and pledgees of the Bonds.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Bondowner Representative may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. Waiver of Personal Liability. No member of the Board of Supervisors, officer, agent or employee of the Issuer, and no officer, official, agent or employee of the State or any department, board or agency of any of the foregoing, shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such person from the performance of any official duty provided by law or by this Indenture.

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.12. Governing Law. This Indenture and the Bonds shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 11.13. Successors. Whenever in this Indenture and the Bonds either the Issuer or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

IN WITNESS WHEREOF, the COUNTY OF CONTRA COSTA, CALIFORNIA has caused this Indenture to be signed in its name and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Bondowner Representative hereunder, has caused this Indenture to be signed in its name, all as of the day and year first above written.

COUNTY OF CONTRA COSTA,
CALIFORNIA, as Issuer

By: _____
John Kopchik,
*Director, Department of Conservation
and Development*

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By: _____

Vice President

03007.34:J14116

[Signature page to Indenture – Tabora Gardens Senior Apartments]

EXHIBIT A

FORM OF BOND

THIS BOND MAY BE OWNED ONLY BY AN "APPROVED INSTITUTIONAL BUYER" (AS SUCH TERM IS DEFINED IN THE INDENTURE REFERENCED BELOW) OR OTHER ENTITY PERMITTED UNDER THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS AN APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE.

Up to \$_____

**COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(TABORA GARDENS SENIOR APARTMENTS), SERIES 2016D**

Dated Date	Maturity Date
August __, 2016	_____, 1, 20__

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: Up to _____ MILLION _____ HUNDRED _____
THOUSAND DOLLARS

The County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, the sum of up to _____ Million _____ Hundred _____ Thousand Dollars (\$_____) together with interest on the unpaid Outstanding Balance (as hereinafter defined) at the interest rate referenced in the Indenture referred to below, until the Issuer's obligation to pay the Outstanding Balance shall be discharged. The Outstanding Balance shall mean the purchase price of the Bonds (defined below) which has been advanced by the purchaser thereof under the Indenture, and has not been repaid by the Issuer as of the date of calculation of the Outstanding Balance, subject to the provisions of the second paragraph of Section 2.01 of the Indenture.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement or the Indenture hereinafter mentioned.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such

date. Interest shall be due and payable on each Interest Payment Date in accordance with the requirements of the Indenture.

In the event the Issuer fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Issuer shall pay interest on the then Outstanding Balance at the Default Rate, as defined in the Indenture referred to below. Additional amounts shall be remitted to the owner of this Bond as required by the Indenture, arising by reason of payments due under the Note (as defined below) and the Loan Agreement referenced below in excess of the principal and interest due on this Bond.

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D" (the "Bonds"), in the initial aggregate principal amount of up to \$_____, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (herein called the "Act"), and issued under and secured by an Indenture, dated as of August 1, 2016 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as Bondowner Representative (the "Bondowner Representative"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS PLEDGED UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OF THE ISSUER OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER (OTHER THAN WITH RESPECT TO THE AMOUNTS SPECIFICALLY PLEDGED THEREFOR UNDER THE INDENTURE), OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, MEMBER OF THE BOARD OF SUPERVISORS, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, MEMBERS OF THE BOARD OF SUPERVISORS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by Tabora Gardens, L.P., a California limited partnership (the "Borrower") pursuant to a Loan Agreement, dated the same date as the date of the Indenture (the "Loan Agreement"), among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and construction of a multifamily rental housing project by the Borrower in the City of Antioch, California. The loan of the proceeds of the Bonds under the Loan Agreement (the "Loan") will be evidenced by a promissory note (the "Note") of the Borrower.

The Bonds shall be subject to redemption in accordance with the Indenture. Without limitation on the generality of the foregoing, the Bonds shall be subject to redemption prior to maturity, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption (a) in whole or in part on any Interest Payment Date, upon prepayment of the Note in whole or in part; (b) in whole following acceleration of the Loan upon the occurrence of an Event of Default under and as defined in the Loan Agreement; and (c) in whole or in part on any date from the proceeds of any mandatory prepayment of the Note under the terms of the Note or the Loan Agreement.

No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in a single instrument.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those in Section 2.05 of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond, except as permitted by the Indenture.

The Indenture contains provisions permitting the Issuer and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the

Indenture. In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall be controlling.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act) and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Bondowner Representative.

IN WITNESS WHEREOF, the COUNTY OF CONTRA COSTA, CALIFORNIA has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Issuer Representative, all as of the Dated Date set forth above.

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
Candace Anderson,
Chair of the Board of Supervisors

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on this date:

Date: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Bondowner Representative

By: _____

Vice President

[Signature page to Bond for Tabora Gardens Senior Apartments]

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

_____, attorney,
to transfer the same on the registration books of the Bondowner Representative, with full power
of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a
eligible guarantor.

NOTICE: The signature on this assignment must
correspond with the name(s) as written on
the face of the within Bond in every
particular without alteration or enlargement
or any change whatsoever.

EXHIBIT B
FORM OF INVESTOR'S LETTER

County of Contra Costa, California
Martinez, California

Wells Fargo Bank, National Association,
as Bondowner Representative
San Diego, California

Re: County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens
Senior Apartments), Series 2016D

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of \$_____ principal amount of the above-referenced bonds (the "Bonds") issued pursuant to the Indenture, dated August 1, 2016 (the "Indenture"), between the County of Contra Costa, California (the "Issuer") and Wells Fargo Bank, National Association, as the initial Bondowner Representative (the "Bondowner Representative") does hereby certify, represent and warrant for the benefit of the Issuer and the Bondowner Representative that:

- (a) The Purchaser is an "Approved Institutional Buyer."
- (b) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.
- (c) The Purchaser is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds, except as contemplated by the Indenture, or as otherwise permitted by the Indenture.
- (d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project. Further, the Purchaser understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Bonds are payable solely from the Revenues. The Purchaser has been provided an opportunity to ask questions of, and the Purchaser has received answers from, representatives of the Borrower and the Bondowner Representative regarding the terms and conditions of the Bonds. The Purchaser has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture, the Loan Documents and the Regulatory Agreement.

(f) The Purchaser is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Borrower or with any affiliate in connection with the Bonds, other than as disclosed to the Issuer.

(g) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(h) In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the Issuer or the Bondowner Representative relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Loan Agreement and the Indenture, or the adequacy of the funds pledged to the Bondowner Representative to secure repayment of the Bonds.

(i) The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Issuer (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

(j) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(k) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, including interests in the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.05 of the Indenture, including in certain circumstances the requirement for the delivery to the Issuer and the Bondowner Representative of an investor’s letter in the same form as this Investor’s Letter, including this paragraph. Failure to comply with the provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Indenture.

(l) None of the Bondowner Representative, Bond Counsel, the Issuer, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Borrower or its financial condition or the Project, or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Issuer to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(m) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Issuer has not undertaken to provide any continuing disclosure with respect to the Bonds.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used and not otherwise defined herein have the meanings given to such terms in the Indenture.

[PURCHASER]

By: _____

Name: _____

Title: _____

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into as of _____, 2016, by and among the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bondowner Representative"), and TABORA GARDENS, L.P., a California limited partnership (the "Borrower").

WITNESSETH:

WHEREAS, the Issuer is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (the "State"); and

WHEREAS, pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code, and all laws supplementary thereto and amendatory thereof (the "Act"), the Issuer is authorized and empowered to issue revenue bonds and apply the proceeds to make loans for the construction and development of qualifying housing developments; and

WHEREAS, Borrower has requested the Issuer to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D (the "Bonds") in the original aggregate principal amount of \$_____.00 for the purpose of making a loan (the "Loan") to finance, in part, the construction of a multifamily housing project known as Tabora Gardens Senior Apartments (the "Project" or the "Improvements") on property (the "Property") owned by Borrower and located in Antioch, California, as more specifically described on Exhibit A hereto; and

WHEREAS, the Bonds shall be issued pursuant to that certain Indenture of Trust of even date herewith (the "Indenture"), by and between the Issuer and Bondowner Representative; and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bonds and cause Bondowner Representative, for the account of the Issuer, to lend the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained herein; and

WHEREAS, to evidence the Loan, Borrower is executing in favor of the Issuer, that certain Promissory Note Secured by Deed of Trust (the "Note"), which shall be a construction loan variable rate note in the original principal amount of \$_____.00, which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bonds, and which Note will be endorsed over to Bondowner Representative; and in connection therewith, Borrower has executed or caused to be executed that certain Construction Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing in favor of the Issuer, dated as of even date herewith (the "Deed of Trust"), with respect to the Project and the Property to secure, among other things, the payments due under the Note and this Agreement; and

WHEREAS, pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of even date herewith (the "Assignment of Deed of Trust"), the Issuer has assigned all of its right, title and interest in (except as otherwise provided therein), and its obligations under this Agreement, the Note and the Deed of Trust to Bondowner Representative; and

WHEREAS, the execution and delivery of this Agreement and the issuance of the Bonds have been duly and validly authorized by the Issuer; and

WHEREAS, in order secure additional financing for the Project, Borrower has obtained the following:

(i) a loan made by the City of Antioch, a municipal corporation (the "City"), in the original principal amount of \$900,000.00 (the "City RDA Loan") made from funds from the City's predecessor-in-interest to the Property, the Antioch Development Agency (the "City RDA"), pursuant to the terms of that certain Amended and Restated Loan Agreement (Tabora Gardens - RDA Loan) dated as of _____, 2016, executed by and between the City and Borrower, as evidenced by that certain Amended and Restated Promissory Note (Tabora Gardens Agency Loan) dated as of _____, 2016, made by Borrower to the order of the City, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Tabora Gardens Agency Loan) dated on or about June 6, 2011, made by Satellite Housing, Inc., a California nonprofit public benefit corporation ("Satellite Housing"), for the benefit of the City RDA, and recorded in the Official Records of the County of Contra Costa, California (the "Official Records") on June 8, 2011 as Instrument No. 2011-0114061, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to that certain Assignment, Assumption and Modification Agreement and Rescission of Former Loan Assignment (Tabora Gardens - \$300,000 Former Antioch Development Agency Loan) (the "City RDA Assignment"), dated as of April 22, 2016 and recorded in the Official Records on April 22, 2016 as Instrument No. 2016-0075029, as amended by that certain First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (3701 Tabora Drive, Antioch, CA) dated or about _____, 2016, executed by and among Borrower, City and the trustee named therein (collectively, the "City RDA Deed of Trust"), recorded in the Official Records concurrently with the Deed of Trust; and

(ii) a loan made by the City in the original principal amount of \$2,383,755.00 (the "City NSP/CDBG Loan") made from Neighborhood Stabilization Program and Community Development Block Grant funds pursuant to the terms of that certain Amended and Restated NSP/CDBG Loan Agreement (Tabora Gardens NSP/CDBG Loan) dated as of _____, 2016, executed by and between the City and Borrower, as evidenced by that certain Amended and Restated Promissory Note (Tabora Gardens NSP/CDBG Loan) dated as of _____, 2016, made by Borrower to the order of the City, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Tabora Gardens NSP Loan) dated on or about June 6, 2011, made by Satellite Housing for the benefit of the City and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114059, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to that certain Assignment, Assumption

and Modification Agreement and Rescission of Former Loan Assignment (Tabora Gardens - \$1,983,755 City NSP Loan) (the "City NSP/CDBG Assignment"), dated as of April 22, 2016 and recorded in the Official Records on April 22, 2016 as Instrument No. 2016-0075028, as amended by that certain First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (NSP Loan, 3701 Tabora Drive, Antioch, CA) dated or about _____, 2016, executed by and among Borrower, City and the trustee named therein (collectively, the "City NSP/CDBG Deed of Trust"), recorded in the Official Records concurrently with the Deed of Trust; and

(iii) a loan made by the County of Contra Costa, a political subdivision of the State of California (the "County"), in the original principal amount of \$3,000,000.00 (the "County Loan") pursuant to the terms of that certain Development Loan Agreement - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated as of _____, 2016, executed by and between the County and Borrower, as evidenced by that certain Promissory Note - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated as of _____, 2016, made by Borrower to the order of the County, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated on or about _____, 2016 (the "County Deed of Trust"), made by Borrower for the benefit of the County and recorded in the Official Records concurrently with the Deed of Trust; and

(iv) a loan to be made by the Department of Housing and Community Development, a public agency of the State of California ("HCD"), to Borrower pursuant to its Multifamily Housing Program in the original principal amount of [\$6,901,000.00] (the "HCD MHP Loan"), for which HCD's commitment to make the HCD MHP Loan is evidenced by that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, and which HCD MHP Loan shall be secured by a deed of trust to be executed by Borrower for the benefit of HCD upon funding of the HCD MHP Loan (the "HCD MHP Deed of Trust"); and

(v) a loan to be made by HCD to Borrower pursuant to its Veterans Housing and Homelessness Prevention Program in the original principal amount of [\$5,246,781.00] (the "HCD VHHP Loan"), for which HCD's commitment to make the HCD VHHP Loan is evidenced by that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, and which HCD VHHP Loan shall be secured by a deed of trust to be executed by Borrower for the benefit of HCD upon funding of the HCD VHHP Loan (the "HCD VHHP Deed of Trust"); and

WHEREAS, Borrower has agreed to restrict or contemplates restricting the operation of the Property pursuant to the terms of:

(a) that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of _____, 2016 (the "Regulatory Agreement"), executed by and between Issuer and Borrower, recorded in the Official Records concurrently with the Deed of Trust;

(b) that certain Rental Assistance Demonstration Use Agreement dated as of _____, 2016 (the "RAD Use Agreement"), executed by and between Borrower and the United States of America, Secretary of Housing and Urban Development ("HUD");

(c) that certain Regulatory Agreement and Declaration of Restrictive Covenants (Tabora Gardens Agency Loan), dated on or about June 6, 2011, made by Satellite Housing and the City RDA and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114060, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to the City RDA Assignment, as amended by that certain First Amendment to Regulatory Agreement and Declaration of Restrictive Covenants, dated on or about _____, 2016, executed by and between Borrower and the City, recorded in the Official Records concurrently with the Deed of Trust (collectively, the "City RDA Regulatory Agreement");

(d) that certain Regulatory Agreement and Declaration of Restrictive Covenants (Tabora Gardens NSP Loan), dated on or about June 1, 2011, made by Satellite Housing and the City and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114058, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to the City NSP/CDBG Assignment, as amended by that certain First Amendment to Regulatory Agreement and Declaration of Restrictive Covenants, dated on or about _____, 2016, executed by and between Borrower and the City, recorded in the Official Records concurrently with the Deed of Trust (collectively, the "City NSP/CDBG Regulatory Agreement");

(e) that certain County Regulatory Agreement and Declaration of Restrictive Covenants - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds), dated on or about _____, 2016 (the "County Regulatory Agreement"), made by Borrower and the County and recorded in the Official Records concurrently with the Deed of Trust;

(f) that certain HOME/HOPWA Regulatory Agreement and Declaration of Restrictive Covenants - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds), dated on or about _____, 2016 (the "County HOME/HOPWA Regulatory Agreement"), made by Borrower and the County and recorded in the Official Records concurrently with the Deed of Trust;

(g) that certain Use Agreement (the "Section 811 RAC Use Agreement") to be executed by and between Borrower and the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("CalHFA"), on or about the date of completion of construction of the Project;

(h) a regulatory agreement to be executed by and between Borrower and HCD in connection with the HCD MHP Loan (the "HCD MHP Regulatory Agreement") at the time of funding of the HCD MHP Loan;

(i) a regulatory agreement to be executed by and between Borrower and HCD in connection with the HCD VHHP Loan (the "HCD VHHP Regulatory Agreement") at the time of funding of the HCD VHHP Loan; and

(j) an extended use agreement (the "TCAC Regulatory Agreement") to be executed by and between Borrower and the California Tax Credit Allocation Committee ("TCAC") in connection with the Tax Credits (as defined below) after the Effective Date.

The lien of the Deed of Trust shall be senior and prior to the City RDA Regulatory Agreement, City NSP/CDBG Regulatory Agreement, County Regulatory Agreement, County HOME/HOPWA Regulatory Agreement, Section 811 RAC Use Agreement, HCD MHP Regulatory Agreement, HCD VHHP Regulatory Agreement and TCAC Regulatory Agreement, but not the Regulatory Agreement or RAD Use Agreement; and

WHEREAS, additional funds shall be applied to the Project in the aggregate amount of \$ _____.00 (the "Capital Contributions"), from [Raymond James Tax Credit Funds, Inc., a _____], in its capacity as investor limited partner in Borrower ("Investor Limited Partner"); and

NOW, THEREFORE, Issuer, Borrower and Bondowner Representative, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms used in this Agreement and not otherwise defined have the meanings set forth for those terms in Section 1.01 of the Indenture.

"Account" means an account with Wells Fargo Bank, N.A., account number _____, in the name of Borrower or Borrower's designee into which Loan proceeds will be deposited, as set forth in Exhibit D, attached hereto.

"Act" shall have the meaning ascribed to such term in the second WHEREAS clause of the introductory Section of this Agreement.

"ADA" means the Americans with Disabilities Act, 42 U.S.C. §§12101, et seq. as hereinafter amended or modified.

"Additional Charges" has the meaning ascribed to such term in Section 3.4 of this Agreement.

"Affiliate" means an entity which controls, is controlled by or is under common control with Investor Limited Partner.

"Application for Payment" has the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit D.

“Architect” means Pyatok Architects, Inc., a California corporation, or another architect approved in writing by Bondowner Representative.

“Architectural Contract” means that certain _____, dated _____, by and between Architect and Borrower.

“Authority” means the Housing Authority of the County of Contra Costa, California.

“Bond Counsel” has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bond Documents” shall have the meaning ascribed to such term in Section 3.4(e) of this Agreement.

“Bond Fund” has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bondholder” or “Holder” means Wells Fargo Bank, National Association.

“Bondowner Representative” has the meaning ascribed to such term in the first paragraph of the introductory Section of this Agreement.

“Bonds” has the meaning ascribed to such term in the third WHEREAS clause of the introductory Section of this Agreement.

“Borrower’s Funds” means all funds of Borrower deposited with Bondowner Representative pursuant to the terms and conditions of this Agreement.

“Borrower’s Funds Account” means an account at Bondowner Representative, from which no withdrawals are permitted without Bondowner Representative’s consent, in which all deposits of funds required of Borrower pursuant to this Agreement will be held.

“CalHFA” has the meaning given such term in the Recitals to this Agreement.

“Capital Contributions” means the aggregate sum of approximately \$_____.00, which the Investor Limited Partner has committed to contribute to the capital of Borrower in accordance with and subject to adjustment pursuant to the terms and conditions of the Partnership Agreement and as described below:

Payment	Amount	% of Total Investment	Timing
1	\$_____.00	___%	Payable upon admission of Investor Limited Partner in Borrower
2	\$_____.00	___%	Payable upon satisfaction of the conditions set forth in Section ____ of the Partnership Agreement
3	\$_____.00	___%	Payable upon satisfaction of the conditions set forth in Section ____ of the Partnership Agreement

TOTAL	\$_____.00	100%	
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“City” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Assignment” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Loan” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“City RDA” has the meaning given such term in the Recitals to this Agreement.

“City RDA Assignment” has the meaning given such term in the Recitals to this Agreement.

“City RDA Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“City RDA Loan” has the meaning given such term in the Recitals to this Agreement.

“City RDA Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“Closing” means the issuance of the Bonds and disbursement of the initial \$_____.00 of Bond proceeds.

“Closing Date” means the date on which Closing occurs.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Date” means _____.

“Construction Contract” means that certain _____ dated as of _____, by and between Contractor and Borrower, relating to the construction of the Project, as may be amended or replaced from time to time with the written consent of Bondowner Representative.

“Construction Loan Maturity Date” means the Original Construction Loan Maturity Date, or shall mean the First Extended Construction Loan Maturity Date upon exercise of the First Option to Extend.

“Contractor” means Sunseri Construction, Inc., a California corporation.

“County” has the meaning given such term in the Recitals to this Agreement.

“County Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“County HOME/HOPWA Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“County Loan” has the meaning given such term in the Recitals to this Agreement.

“County Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“Deed of Trust” means the Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing executed as of even date with this Agreement by Borrower as Trustor, naming American Securities Company as trustee and the Issuer as beneficiary.

“Default” has the meaning ascribed to such term in Section 15.1 of this Agreement.

“Default Rate” has the meaning ascribed to such term in the Note.

“Developer” means Satellite Affordable Housing Associates, a California nonprofit public benefit corporation.

“Disbursement Budget” has the meaning ascribed to such term in Exhibit D to this Agreement.

“Disbursement Plan” means the Disbursement Plan attached hereto as Exhibit D.

“Effective Date” means the date the Deed of Trust is recorded in the Office of the County Recorder of the County.

“Effective Rate” has the meaning ascribed to such term in the Note.

“Environmental Reports” means that certain Phase I Environmental Site Assessment dated June 15, 2016, prepared by Adanta, Inc. for the Property.

“Event of Default” has the same meaning as “Default”.

“Financial Requirements Analysis” means the financial requirements analysis attached hereto as Exhibit C, as the same may be amended from time to time.

“First Extended Construction Loan Maturity” means _____.

“First Option to Extend” means the [six (6)] month option to extend the Original Construction Loan Maturity Date pursuant to Section 3.11(a).

“General Partner” means Tabora Gardens LLC, a California limited liability company.

“Governmental Authority” means (i) any government, municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (iii) any court, administrative tribunal or public utility, or (iv) any central bank or comparable authority.

“Gross Operating Income” has the meaning ascribed to such term in Section 11.5(a) of this Agreement.

“Guarantor” means Satellite Affordable Housing Associates, a California nonprofit public benefit corporation, Satellite Affordable Housing Associates Property Management, a California nonprofit public benefit corporation, and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any guaranty now or hereafter executed in connection with respect to the Loan (collectively or severally as the context thereof may suggest or require).

“Hazardous Materials” has the meaning ascribed to such term in Section 9.1(a) of this Agreement

“Hazardous Materials Claims” has the meaning ascribed to such term in Section 9.1(c) of this Agreement.

“Hazardous Materials Laws” has the meaning ascribed to such term in Section 9.1(b) of this Agreement.

“HCD” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Loan” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Standard Agreement” means that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, relating to HCD's commitment to fund the HCD MHP Loan.

“HCD VHHP Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Loan” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Standard Agreement” means that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, relating to HCD's commitment to fund the HCD VHHP Loan.

“Holder” means Wells Fargo Bank, National Association, in its capacity as holder of the Bonds.

“HUD” has the meaning given such term in the Recitals to this Agreement.

“Impositions” has the meaning ascribed to such term in Section 6.3 of this Agreement.

“Improvements” shall have the meaning ascribed to such term in the Recitals to this Agreement.

“Indemnified Parties” has the meaning ascribed to such term in Section 6.23(a) of this Agreement.

“Indemnitor” means Borrower and Guarantor, and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any indemnity now or hereafter executed in connection with respect to the Loan (collectively or severally as the context thereof may suggest or require).

“Indenture” means that certain Indenture of Trust, dated as of _____, by and between Issuer and Bondowner Representative, as originally executed or as it may from time to time be supplemented, modified or amended.

“Initial Capital Contribution” means the Tax Credit Investor's initial Capital Contribution in Borrower in the amount of \$_____.00.

“Insolvency Proceeding” means any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships.

“Investor Limited Partner” means _____, a _____, and its successors and assigns.

“Liabilities” has the meaning ascribed to such term in Section 6.23(a) of this Agreement.

“Loan Documents” means this Agreement, the Note, the Deed of Trust, the Security Agreement and the other documents listed as Loan Documents in Exhibit B attached to this Agreement.

“Management Agreement” means that certain _____ dated as of _____, executed by and between Borrower and Property Manager.

“Net Operating Income” means Gross Operating Income minus Permitted Operating Expenses.

“Note” shall mean that certain Promissory Note Secured by Deed of Trust in the original principal amount of \$_____.00, dated as of even date herewith, made by Borrower to the order of Issuer.

“Official Records” means the Official Records of the County.

“One Month LIBO Rate Price Adjustment” has the meaning ascribed to such term in the Note.

“Operating Statement” has the meaning ascribed to such term in Section 11.5 of this Agreement.

“Original Construction Loan Maturity Date” means _____.

“Other Related Documents” means those documents, as hereafter amended, supplemented, replaced or modified from time to time, properly executed and in recordable form, if necessary, listed in Exhibit B attached hereto as Other Related Documents.

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of Tabora Gardens, L.P., among General Partner, Investor Limited Partner and _____, a _____, as withdrawing limited partner, dated as of approximately even date herewith, as supplemented or amended and restated from time to time.

“Partnership Documents” means the Partnership Agreement and all other instruments and documents now or hereafter executed by partners in Borrower and related to Borrower, including without limitation any promissory notes, contribution agreements, funding agreements or similar documents relating to obligations to contribute or advance money to Borrower.

“Permitted Encumbrances” means the Permitted Restrictions, deeds of trust and other security instruments relating to the Subordinate Loans and other title exceptions shown on Bondowner Representative’s title policy.

“Permitted Operating Expenses” has the meaning ascribed to such term in Section 11.5(b) of this Agreement.

“Permitted Prior Encumbrances” means those title exceptions previously approved by Bondowner Representative to be prior to the lien of the Deed of Trust, including, without limitation, the Regulatory Agreement and RAD Use Agreement.

“Permitted Restrictions” means, collectively, the Regulatory Agreement, RAD Use Agreement, City RDA Regulatory Agreement, City NSP/CDBG Regulatory Agreement, County Regulatory Agreement, County HOME/HOPWA Regulatory Agreement, Section 811 RAC Use Agreement (upon the execution and recordation thereof in the Official Records), HCD MHP Regulatory Agreement (upon the execution and recordation thereof in the Official Records), HCD VHHP Regulatory Agreement (upon the execution and recordation thereof in the Official

Records), TCAC Regulatory Agreement (upon the execution and recordation thereof in the Official Records) and any other Restrictions expressly approved by Bondowner Representative.

“Permitted Transfer” means a transfer by Investor Limited Partner of its limited partnership interests in Borrower to: (i) an Affiliate, provided, however, that all of the following conditions are satisfied: (a) Bondowner Representative shall have received written notice of such transfer not less than thirty (30) days prior to the date of such transfer, (b) the transfer shall have been approved in writing by any Subordinate Lender, to the extent that such Subordinate Lender’s consent to any such transfer shall be required pursuant to the terms of its applicable Subordinate Loan Documents, and (c) Investor Limited Partner shall have delivered to Bondowner Representative complete and accurate copies of all documentation evidencing such transfer; or (ii) a non-Affiliate, provided, however, that all of the following conditions are satisfied: (x) Bondowner Representative shall have consented to such transfer, which consent shall not be unreasonably withheld, not less than thirty (30) days prior to the date of such transfer, (y) the transfer shall have been approved in writing by any Subordinate Lender, to the extent that such Subordinate Lender’s consent to any such transfer shall be required pursuant to the terms of its applicable Subordinate Loan Documents, and (z) Investor Limited Partner shall have delivered to Bondowner Representative complete and accurate copies of all documentation evidencing such transfer. It shall be deemed reasonable for Bondowner Representative to withhold consent to a transfer of the limited partnership interests referenced above that does not meet with the approval of any Subordinate Lender, if such approval is required pursuant to the terms of its applicable Subordinate Loan Documents.

“Permitted Transferee” means either an Affiliate or a non-Affiliate meeting the requirements set forth above in the definition of “Permitted Transfer.”

“Plans and Specifications” means the plans and specifications for the Project approved in writing by Bondowner Representative, together with such amendments thereto as are made from time to time in accordance with Section 5.5 of this Agreement.

“Project” shall have the meaning ascribed to such term in the Recitals to this Agreement.

“Project Agreements” mean the Architectural Contract, Construction Contract, Plans and Specifications, and all other contracts and subcontracts entered into in connection with the design, development and construction of the Project.

“Project Costs” mean any and all costs incurred by Borrower with respect to the construction of the Project including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel to the extent such costs are paid from the proceeds of the Bond Fund.

“Property” is defined in the Recitals.

“Property Manager” means Satellite Affordable Housing Associates, a California nonprofit public corporation, or another property manager approved in writing by Bondowner Representative.

“Qualified Project Costs” has the meaning given such term in the Regulatory Agreement.

“RAD HAP Contract” means that certain [Housing Assistance Payments Contract - Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Project-Based Section 8], effective on or about _____, 2016, by and between the Authority and Borrower, relating to the RAD HAP Subsidy Payments.

“RAD HAP Subsidy Payments” means those certain HUD Rental Assistance Demonstration subsidy payments made to Borrower for the RAD HAP Units in connection with the RAD HAP Contract.

“RAD HAP Units” means those units in the Project eligible to receive RAD HAP Subsidy Payments pursuant to the terms of the RAD HAP Contract.

“RAD Use Agreement” has the meaning given such term in the Recitals to this Agreement.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of _____, 2016, between the Issuer and Borrower relating to the Bonds, as originally executed, or as it may from time to time be supplemented, modified or amended by any supplemental regulatory agreement.

“Regulatory Costs” has the meaning ascribed to such term in the Note.

“Requirements” has the meaning ascribed to such term in Section 5.15(a) of this Agreement.

“Reservation Letter” has the meaning ascribed to such term in Section 8.2(o) of this Agreement.

“Reserve Percentage” has the meaning ascribed to such term in the Note.

“Restrictions” means all existing restrictions and regulatory agreements and all future restrictions and regulatory agreements relating to the use and operation of the Property and the Improvements, including, without limitation, the Permitted Restrictions.

“Satellite Housing” has the meaning given such term in the Recitals to this Agreement.

“Section 8 AHAP Contract” means that certain [Section 8 Project-Based Voucher Program PBV Agreement to Enter into Housing Assistance Payments Contract - New Construction or Rehabilitation], effective on or about _____, 2016, by and between the Authority and Borrower, relating to the Section 8 HAP Subsidy Payments.

“Section 8 HAP Contract” shall mean the [Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract - New Construction or Rehabilitation] to be entered into by Borrower in connection with the Project.

“Section 8 HAP Subsidy Payments” means those certain Project-Based Section 8 housing assistance subsidy payments made to Borrower for the Section 8 HAP Units in connection with the Section 8 HAP Contract.

“Section 8 HAP Units” means those units in the Project eligible to receive Section 8 HAP Subsidy Payments pursuant to the terms of the Section 8 HAP Contract.

“Section 811 ARAC Contract” means that certain Agreement to Enter Into a Section 811 Rental Assistance Contract dated as of December 17, 2015, executed by and between CalHFA and Developer, as assigned by Developer to Borrower, relating to the Section 811 RAC Subsidy Payments.

“Section 811 RAC Contract” shall mean the Section 811 Rental Assistance Contract to be entered into by Borrower in connection with the Project.

“Section 811 RAC Subsidy Payments” means those certain Section 811 Rental Assistance Contract subsidy payments made to Borrower for the Section 811 RAC Units in connection with the Section 811 RAC Contract.

“Section 811 RAC Units” means those units in the Project eligible to receive Section 811 RAC Subsidy Payments pursuant to the terms of the Section 811 RAC Contract.

“Section 811 RAC Use Agreement” has the meaning given such term in the Recitals to this Agreement, which shall be entered into in connection with the Section 811 RAC Contract.

“Secured Obligations” has the meaning ascribed to such term in the Deed of Trust.

“Security Agreement” means that certain Pledge and Security Agreement dated as of even date with this Agreement, executed by Borrower and General Partner in favor of Bondowner Representative.

“Single Purpose Entity” has the meaning ascribed to such term in Section 8.5(d) of this Agreement.

“State” means the State of California.

“Subordinate Lender” means, collectively, the City, the County and upon funding of either the HCD MHP Loan or HCD VHHP Loan, HCD.

“Subordinate Loan Documents” means any and all documents executed in connection with the Subordinate Loans.

“Subordinate Loans” means the City RDA Loan, the City NSP/CDBG Loan, the County Loan and any other loans subordinate to the Loan consented to by Bondowner Representative in

writing, including, without limitation, the HCD MHP Loan (upon the funding thereof to Borrower) and the HCD VHHP Loan (upon the funding thereof to Borrower).

"Subsidy Contracts" means, collectively, the RAD HAP Contract, the Section 8 AHAP Contract, the Section 8 HAP Contract (upon the execution and effectiveness thereof), the Section 811 ARAC Contract and the Section 811 RAC Contract (upon the execution and effectiveness thereof).

"Subsidy Payments" means, collectively, the RAD HAP Subsidy Payments, the Section 8 HAP Subsidy Payments and the Section 811 RAC Subsidy Payments.

"Swap Agreement" means a "swap agreement" as defined in Section 101 of the Bankruptcy Code, entered into by Borrower and Bondowner Representative (or with another financial institution which is reasonably acceptable to Bondowner Representative), together with all modifications, extensions, renewals and replacements thereof.

"Tax Certificate" means that certain [Certificate as to Arbitrage], executed by the Issuer and Borrower, dated as of the Closing Date.

"Tax Credit Investor" means, collectively or individually, as the context may require, Investor Limited Partner and any affiliated special limited partner or administrative limited partner, or another low income housing tax credit investor reasonably approved by Holder.

"Tax Credits" means federal low income housing tax credits allocated to the Project pursuant to Section 42 of the Code.

"Taxes" has the meaning ascribed to such term in the Note.

"TCAC" means the California Tax Credit Allocation Committee.

"Title Company" means Old Republic Title Company.

"Title Policy" has the meaning ascribed to such term in Section 4.1(j) of this Agreement.

1.2 Rules of Interpretation.

(a) This Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as they may be preempted by federal rules, regulations and laws applicable to the Issuer. The Issuer and Borrower expressly acknowledge and agree that any judicial action to enforce any rights of the Issuer under this Agreement shall be brought and maintained at the option of the Issuer in the Superior Court of the State of California or in the United States District Court for the Northern District of California or in any United States Bankruptcy Court in any case involving or having jurisdiction over Borrower or over the Project.

(b) The words "herein," "hereof" and "hereunder" and words of similar import, without reference to any particular Section or subdivision, refer to this

Agreement as a whole rather than to any particular Section or subdivision of this Agreement.

(c) References in this Agreement to any particular article, Section or subdivision hereof are to the designated article, Section or subdivision of this Agreement as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with tax basis accounting principles; and all computations provided for herein shall be made in accordance with tax basis accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of Articles and Sections herein are for convenience of reference only and are not a part of this Agreement, and shall not define or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, Sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(h) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

(i) References to the Bonds as “tax exempt” or to the “tax exempt status of the Bonds” are to the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

1.3 Exhibits Incorporated. Exhibits A, B, C, D, and E attached hereto, are hereby incorporated into this Agreement.

ARTICLE 2 ISSUANCE OF BONDS; PAYMENT OF ISSUANCE COSTS

2.1 Issuance of Bonds. Upon execution of this Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to issuance, or as soon thereafter as practicable, the Issuer will execute the Bonds and deliver the Bonds to Holder, or to its order upon payment of the purchase price and filing with the Holder of the opinion of Bond Counsel as to the legality of the Bonds and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bonds will be deposited with Bondowner Representative and disbursed in accordance with the Indenture and this Agreement.

2.2 No Warranty by Issuer or Bondowner Representative. BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, ISSUER AND BONDOWNER REPRESENTATIVE HAVE NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY

FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER AND BONDOWNER REPRESENTATIVE MAKE NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, ISSUER AND BONDOWNER REPRESENTATIVE SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.2 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY ISSUER AND/OR BONDOWNER REPRESENTATIVE, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR ISSUER OR BONDOWNER REPRESENTATIVE IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON ISSUER OR BONDOWNER REPRESENTATIVE FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON ISSUER OR BONDOWNER REPRESENTATIVE IN ANY MANNER EXCEPT TO ISSUE THE BONDS IN ORDER TO PROVIDE FUNDS FOR THE LOAN.

2.3 Payment of Costs of Issuance by Borrower. Borrower agrees that it will provide any and all funds required for the prompt and full payment of all costs of issuance of the Bonds not otherwise paid from proceeds of the Bonds, including, but not limited to, the following items:

- (a) all reasonable legal (including Bond Counsel and counsel to Borrower, Issuer and Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer and Bondowner Representative on or before or in connection with issuance of the Bonds;
- (b) premiums on all insurance required to be secured and maintained during the term of this Agreement;
- (c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection

with this financing (other than a tax on the income of Issuer, Bondowner Representative or Holder);

(d) all reasonable initial fees and expenses of the Bondowner Representative and the Issuer (including, without limitation, the Issuer's initial fee and expenses referenced in Sections [4A(d) and 20] of the Regulatory Agreement);

(e) the fee payable to Bondowner Representative pursuant to Section 6.1;

(f) fees payable to the California Debt Limit Allocation Committee and the California Debt and Investment Advisory Committee; and

(g) other reasonable costs of issuance.

ARTICLE 3 THE LOAN, LOAN REPAYMENT AND ADDITIONAL CHARGES

3.1 The Loan. The Issuer agrees, upon the terms and conditions herein specified and in the Indenture, to lend to Borrower the proceeds of the Bonds, by causing such proceeds to be deposited with Bondowner Representative in installments corresponding to the successive "draw-down" purchases of the Bonds by the Holder. The parties acknowledge that Holder intends to purchase \$_____.00 of the Bonds at Closing, and the balance of the Bonds from time to time upon and after satisfaction of the conditions precedent set forth in Sections 4.1, 4.2 and 4.3 through successive "draw-down" purchases subject to all terms and conditions of this Agreement. The obligation of Borrower to repay the Loan shall be evidenced by the Note. Contemporaneously with the issuance of the Bonds, the Issuer will endorse the Note without recourse to the order of Bondowner Representative, as the assignee of the Issuer. Borrower will repay the Loan in accordance with the provisions of the Note and this Agreement.

3.2 Loan Disbursements. The proceeds of the Bonds shall be disbursed by the Bondowner Representative only in accordance with a written requisition of Borrower approved in writing by the Bondowner Representative, which approval shall be granted by the Bondowner Representative upon satisfaction or waiver by the Bondowner Representative of the conditions set forth in Article 4 of this Agreement.

3.3 Loan Repayment and Payment of Other Amounts. Borrower hereby acknowledges its indebtedness to the Issuer and covenants to repay the Loan, and to pay interest on the amount of the Loan outstanding from time to time in accordance with the following:

(a) Borrower may, at any time at its option, prepay principal on the Note, in whole but not in part, in order to effect a redemption of Bonds pursuant to Section [4.01] of the Indenture by paying to Bondowner Representative an amount equal to the principal amount of the Bonds to be redeemed, together with all accrued and unpaid interest through the date of redemption of Bonds on the principal prepaid, plus any prepayment premium due pursuant to the terms of the Note or One Month LIBO Rate Price Adjustment due pursuant to the terms of the Note, plus any penalty or charge payable under any Swap Agreement. Borrower shall give Bondowner

Representative not less than sixty (60) days' advance written notice of its intention to make a prepayment of the Note pursuant to this Section 3.3(a).

(b) Following the occurrence of an Event of Default under this Agreement and demand by Bondowner Representative for redemption of all of the Bonds pursuant to Sections [7.01 and 4.01(b)] of the Indenture, Borrower shall immediately pay to Bondowner Representative the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the date of redemption of Bonds, plus any prepayment premium due pursuant to the terms of the Note or One Month LIBO Rate Price Adjustment due pursuant to the terms of the Note, plus any penalty or charge payable under any Swap Agreement.

(c) So long as any portion of the principal of the Loan is outstanding, Borrower shall pay to Bondowner Representative, on or before the first day of each month, an amount equal to the interest accrued on the Loan during the previous month at the applicable rates set forth in the Note.

(d) In the event of damage to or destruction or condemnation of the Project or any part thereof, Borrower shall pay to Bondowner Representative, for redemption of Bonds pursuant to Section [4.01] of the Indenture, such portion of the Loan as is required to be paid pursuant to Article 13 of this Agreement and pursuant to the Deed of Trust, accrued and unpaid interest through the date of redemption of the Bonds, without premium other than any penalty or charge due under any Swap Agreement.

(e) Borrower agrees to pay, at the same time as the monthly payments pursuant to Section 3.3(c) above, if required to do so by written notice from Bondowner Representative, one-twelfth (1/12th) of the amount budgeted by Borrower for annual premiums for insurance required to be maintained pursuant to this Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges) which shall be disbursed by the Bondowner Representative from time to time. Notwithstanding the foregoing, Bondowner Representative shall not require Borrower to pay such amounts with respect to such insurance premiums or taxes until after the occurrence of an Event of Default.

(f) Borrower agrees to make such other payments to Bondowner Representative, in the amounts and at the times necessary to enable the Bondowner Representative, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds when due, whether as principal of, premium, or interest on, or otherwise, and whether at maturity or by redemption (including mandatory sinking fund redemption) or acceleration or otherwise.

(g) Borrower also agrees to pay, (i) without written demand therefor, the fees of the Issuer specified in Sections [4A(d) and 20] of the Regulatory Agreement at the times and in the amounts specified therein; and (ii) within fifteen (15) days after receipt of request for payment thereof, all expenses of the Issuer related to the Project and the financing thereof which are not otherwise required to be paid by Borrower under

the terms of this Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the amendment, interpretation and enforcement of any documents relating to the Project or the Bonds and the performance of the Issuer's obligations and exercise of its rights thereunder.

(h) Borrower agrees: (i) to pay to the Bondowner Representative from time to time reasonable compensation for all services rendered by it (including the reasonable compensation, expenses and disbursements of its agents and counsel) under the Indenture and any other agreements relating to the Bonds to which the Bondowner Representative is a party (collectively, "Ordinary Fees and Expenses"); (ii) except as otherwise expressly provided in the Indenture, this Agreement or such other agreements related to the Bonds or the Project, to reimburse the Bondowner Representative upon its request for all reasonable expenses, disbursements and advances (including reasonable counsel fees) incurred or made by the Bondowner Representative (provided that the Bondowner Representative shall not be required to make advances) in accordance with any provision of the Indenture or other agreements to which the Bondowner Representative is a party (including, but not limited to, the reasonable compensation and the expenses and disbursements of its agents and counsel and the cost of printing Bonds), except any such expense, disbursement or advance (provided that the Bondowner Representative shall not be required to make advances) as may be attributable to its negligence or willful misconduct, (iii) to pay to an arbitrage consultant reasonable compensation for all services rendered by it, and (iv) to pay to the federal government any rebatable arbitrage required to be paid to the federal government in order to comply with Section 6.33(c) hereof.

3.4 Additional Charges. Borrower agrees to pay each and all of the following (collectively, the "Additional Charges"):

(a) Upon the occurrence of an Event of Default under the Indenture or a Default under this Agreement, to or upon the order of the Bondowner Representative, when due, all reasonable fees of the Bondowner Representative for services rendered under the Indenture and any other amounts due under Section 6.23 hereof which are not included in Ordinary Fees and Expenses, and all reasonable fees and charges of any registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance, on request of the Issuer, of services required under the Indenture or this Agreement for which such persons are entitled to payment or reimbursement, provided that Borrower may, upon notice to the Issuer and without creating a Default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than Ordinary Fees and Expenses, but the Issuer's final decision shall control;

(b) (i) All indemnity payments required to be made under Sections 6.23, 6.30, 9.4, 15.5 and 16.30 of this Agreement and Section [9] of the Regulatory Agreement (such indemnity payments being due to the Issuer or any Indemnified Party immediately upon written demand therefor and accruing interest at the Default Rate sixty (60) days after notice of demand therefor); (ii) all reasonable expenses (including reasonable legal fees and expenses) incurred by the Issuer in

exercising its rights under this Agreement following a Default; and (iii) all other expenses incurred by the Issuer in relation to the Project which are not otherwise required to be paid by Borrower under the terms of this Agreement or any separate fee agreement, including costs incurred as a result of a request by Borrower;

(c) Interest, at the Default Rate, on all payments not made by Borrower under Section 3.3 and this Section 3.4 when due, to the parties entitled thereto;

(d) All taxes and assessments of any type or character charged to the Issuer affecting the amount available to the Issuer from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer;

(e) The reasonable fees, charges and expenses of the Issuer, Bondowner Representative or any agent or attorney selected by the Issuer to act on its behalf in connection with this Agreement, the Indenture, the Regulatory Agreement and the Tax Certificate (collectively, the "Bond Documents"), including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any Bonds or in connection with any litigation, investigation or other proceeding that may at any time be instituted involving the Bond Documents or any other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Bond Documents;

(f) If any payment of principal or interest required under the Note is not received by Bondowner Representative (whether by direct debit or otherwise) on or before the fifteenth (15th) calendar day of the month (regardless of whether the fifteenth (15th) day falls on a Saturday, Sunday or legal holiday) in which it becomes due, Borrower shall pay, at Bondowner Representative's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid payment;

(g) The annual fee of the Issuer, payable as set forth in Sections [4A(d) and 20] of the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Bonds and the Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Bonds or the Bond Documents or any of the other documents contemplated thereby, or in connection with

the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and

(h) The obligations in Sections 3.4(d), 3.4(e) and 3.4(f) and those in Section 6.23 shall remain valid and in effect notwithstanding repayment of the Loan hereunder or termination of this Agreement or the Indenture.

3.5 Bill Lead Date Request. By written notice to Bondowner Representative, Borrower may request to receive monthly billings on a date (the “Bill Lead Date”) that is prior to the first day of the month. Bondowner Representative will submit to Borrower monthly billings, which will consist of actual interest and principal due through the Bill Lead Date plus projected interest and principal due through the balance of the month. Any necessary adjustments in the applicable interest rate and/or principal payments due or made between a Bill Lead Date and the end of the month will be reflected as an additional charge (or credit) in the billing for the next following month. Neither the failure of Bondowner Representative to submit a Bill Lead Date billing nor any error in any such billing will excuse Borrower’s obligation to make full payment of all amounts due under this Agreement. In its sole discretion, Bondowner Representative may cancel or modify the terms of such request which cancellation or modification will be effective upon written notification to Borrower. Should Borrower request a Bill Lead Date, Bondowner Representative shall not be required to prepare a month end invoice.

3.6 Construction Loan Maturity Date.

Upon the Construction Loan Maturity Date, not less than one hundred percent (100%) of the Bond shall be redeemed pursuant to the terms of Section [4.01] of the Indenture and all remaining outstanding principal and interest under the Note shall be immediately due and payable to Bondowner Representative; provided, however, that Bondowner Representative shall have the option, at its sole discretion, of extending the date on which the Bonds must be redeemed as required under this Section 3.6 or otherwise waiving such requirement.

3.7 Additional Security Interest. To secure payment and performance of all obligations of Borrower under this Agreement and the other Loan Documents, Borrower hereby grants and assigns to Bondowner Representative a security interest in all of Borrower’s right, title and interest, now or hereafter acquired, to the payment of money from Bondowner Representative to Borrower under any Swap Agreement.

3.8 Borrower’s Obligations Unconditional. The obligations of Borrower to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and payment of the Loan and Additional Charges and all other payments required of Borrower hereunder or under the Note shall be paid without notice or demand and without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. Borrower will not suspend or discontinue any such payments, will perform and observe all of its other agreements in this Agreement and, except as expressly permitted in Section 14.1, will not terminate this Agreement for any cause, including, but not limited, to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or Borrower’s business, the taking of the Project or Borrower’s business by Condemnation or otherwise, the lawful prohibition of Borrower’s use of the Project or Borrower’s business, the interference with

such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, the lack of right, power or authority of the Issuer to enter into this Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or the Bondowner Representative, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Loan and other amounts payable by Borrower hereunder or under the Note shall be paid in full when due without any delay or diminution whatever.

3.9 Borrower's Remedies. Nothing contained in this Article shall be construed to release the Issuer and/or Bondowner Representative from the performance of any of its agreements herein, and if the Issuer and/or Bondowner Representative should fail to perform any such agreements, Borrower may (subject to the limitations of Section 16.27 hereof) institute such action against the Issuer and/or Bondowner Representative as Borrower may deem necessary to compel such performance so long as such action shall not violate Borrower's agreements in Section 3.4 or diminish or delay the amounts required to be paid by Borrower pursuant to Sections 3.3, 3.4 and 3.5. Borrower, however, acknowledges and agrees that any pecuniary obligation of the Issuer created by or arising out of this Agreement shall be payable solely from the proceeds derived from this Agreement, the sale of the Bonds, any insurance and condemnation awards, or amounts received upon the sale or other disposition of the Project upon a default by Borrower or otherwise.

3.10 Assignment of Issuer's Rights. Pursuant to the Indenture and Assignment of Deed of Trust, the Issuer has assigned the amounts payable hereunder and has assigned, without recourse or liability, to the Bondowner Representative, the Issuer's rights under this Agreement, the Note and the Deed of Trust, including the right to receive payments hereunder (other than payments due by reason of indemnification of the Issuer, or as described in Sections 2.3(d) and 3.3(g) hereof), and hereby directs Borrower to make said payments directly to the Bondowner Representative, or otherwise upon the order of the Bondowner Representative. Borrower assents to such assignment and will make payments under this Agreement directly to the Bondowner Representative, or otherwise upon the order of the Bondowner Representative, without defense or set off by reason of any dispute between Borrower, the Issuer, the Bondowner Representative, the Bondholders or Holder.

3.11 Options To Extend.

(a) Borrower shall have the option to extend (the "First Option to Extend") the Original Construction Loan Maturity Date to the First Extended Construction Loan Maturity Date, upon satisfaction of each of the following conditions precedent:

(i) Borrower shall provide Bondowner Representative with written notice of Borrower's request to exercise the First Option to Extend not

more than ninety (90) days but not less than thirty (30) days prior to the Original Construction Loan Maturity Date;

(ii) As of the date of Borrower's delivery of notice of request to exercise the First Option to Extend, and as of the Original Construction Loan Maturity Date, no Default shall have occurred and be continuing, and no event or condition which, with the giving of notice or the passage of time or both, would constitute a Default shall have occurred and be continuing, and Borrower shall so certify in writing;

(iii) Borrower shall execute or cause the execution of all documents reasonably required by Bondowner Representative to exercise the First Option to Extend and shall deliver to Bondowner Representative, at Borrower's sole cost and expense, such title insurance endorsements reasonably required by Bondowner Representative;

(iv) There shall have occurred no material adverse change, as determined by Bondowner Representative in its sole discretion, in the financial condition of Borrower, General Partner or any Guarantor from that which existed as of the later of: (i) the Effective Date; or (ii) the date upon which the financial condition of such party was first represented to Bondowner Representative;

(v) Borrower shall represent and warrant that the Partnership Documents and the Tax Credit Investor's obligations to make the Capital Contributions thereunder, as approved by Bondowner Representative, are unamended and in full force and effect;

(vi) The construction of the Project shall be one hundred percent (100%) complete and free of all liens (other than liens that Borrower is diligently contesting in good faith and as to which Borrower has obtained bonds to the reasonable satisfaction of Bondowner Representative) as evidenced by Bondowner Representative's receipt of mechanic's lien free endorsements to the Title Policy, a Notice of Completion shall have been recorded, if applicable, and Borrower shall obtain and deliver to Bondowner Representative a copy of a temporary certificate of occupancy or certificate of occupancy issued by the appropriate Governmental Authority for the Project or equivalent evidence of Completion of the construction from the local jurisdiction, if any, and a certificate of completion from Architect in form and substance reasonably satisfactory to Bondowner Representative with a copy of the recorded notice of completion, if any;

(vii) The Subordinate Loan Documents, Subsidy Contracts, HCD MHP Standard Agreement and HCD VHHP Standard Agreement shall be in full force and effect and Borrower shall be in compliance with all provisions thereof;

(viii) The balance in the interest reserve as of the Original Construction Loan Maturity Date shall be sufficient to pay interest on the Loan until the First Extended Construction Loan Maturity Date;

(ix) Not less than _____ percent (___%) of the residential units in the Project shall be leased and not less than _____ percent (___%) of the residential units in the Project shall be occupied by tenants pursuant to leases which comply with the Regulatory Agreement and all other Restrictions recorded against the Property;

(x) Borrower shall have provided evidence satisfactory to Bondowner Representative of Borrower's continued compliance with all TCAC achievement dates;

(xi) Borrower shall have delivered to Bondowner Representative evidence satisfactory to Bondowner Representative that the date of expiration of HCD's commitments to fund the HCD MHP Loan and HCD VHHP Loan shall be not less than thirty (30) days after the First Extended Construction Loan Maturity Date, together with financial projections or other evidence satisfactory to Bondowner Representative demonstrating that the satisfaction of all conditions to the funding of the HCD MHP Loan, HCD VHHP Loan and any other financing sources necessary for the payoff of the Loan shall be achieved prior to the First Extended Construction Loan Maturity Date; and

(xii) [Borrower shall pay to the Bondowner Representative on or before the Original Construction Loan Maturity Date an Extension Fee in the amount equal to ____% of the original principal amount of the Loan.]

Except as modified by the exercise of the First Option to Extend, the terms and conditions of this Agreement and the other Loan Documents as modified and approved by Bondowner Representative shall remain unmodified and in full force and effect.

3.11 Full Repayment and Reconveyance. Upon receipt of all sums owing and outstanding under the Loan Documents, and the full performance of all other obligations secured by the Deed of Trust, Bondowner Representative shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bondowner Representative shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Loan Documents and the full payment and performance of all other obligations secured by the Deed of Trust, including, without limitation, any prepayment premium, any One-Month LIBO Rate Price Adjustment and any other costs set forth in the Note and Deed of Trust; and (b) Bondowner Representative shall have received a written release satisfactory to Bondowner Representative of any set aside letter, letter of credit or other form of undertaking which Bondowner Representative has issued to any surety, governmental agency or any other party in connection with the Loan and/or the Property and Improvements. Any obligation of Bondowner Representative to make further disbursements under the Loan shall terminate as to any portion of

the Loan undisbursed as of the date of issuance of such full release or reconveyance, and any commitment of Bondowner Representative to lend any undisbursed portion of the Loan shall be canceled. Any repayment shall be without prejudice to Borrower's obligations under any Swap Agreement between Borrower and Bondowner Representative, which shall remain in full force and effect subject to the terms of such Swap Agreement (including provisions that may require a reduction, modification or early termination of a swap transaction, in whole or in part, in the event of such repayment, and may require Borrower to pay any fees or other amounts for such reduction, modification or early termination), and no such fees or amounts shall be deemed a penalty hereunder or otherwise.

ARTICLE 4 DISBURSEMENT CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Disbursement of Proceeds of the Bonds. Bondowner Representative's obligation to consent to the initial disbursement of proceeds of the Bonds held by Bondowner Representative in the Bond Fund, in the amount of _____ and No/100 Dollars (\$____.00), shall be subject to satisfaction (or waiver by Bondowner Representative, in its sole discretion) of each of the following conditions precedent:

(a) Delivery of Documents. The documents listed on Exhibit B, (except as otherwise specified on Exhibit B), including without limitation all Loan Documents and all Other Related Documents shall have been delivered to Bondowner Representative in form and substance satisfactory to Bondowner Representative, duly executed (and, if required by Bondowner Representative, acknowledged) by all of the appropriate parties.

(b) Opinion Letter. The Bondowner Representative shall have received an original reliance letter from Bond Counsel addressed to Bondowner Representative authorizing Bondowner Representative to rely on the opinion of Bond Counsel issued to Issuer approving the validity of and providing a tax opinion for the Bonds, which such reliance letter and opinion shall be in form and content satisfactory to Bondowner Representative.

(c) Delivery of Contracts; Approval of Reports. Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative:

- (i) a soils report for the Property;
- (ii) an environmental questionnaire and environmental site assessment with respect to the presence, if any, of Hazardous Materials on the Property;
- (iii) two sets of the Plans and Specifications, certified as complete by the Architect, together with evidence of all necessary or appropriate approvals of all applicable Governmental Authorities;

(iv) copies of any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any Governmental Authority in connection with the Property and Project; and

(v) copies of all documents, agreements, instruments, policies and other materials relating to the Project requested by Bondowner Representative, including without limitation, appraisals; all design, architect's, engineering, brokerage and construction contracts; and surveys, in each case set forth in such detail as Bondowner Representative may require.

(d) Utilities. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that all utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Property and Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.

(e) Fees. Borrower shall have paid to Bondowner Representative, in good funds, all fees owing pursuant to Section 6.1(a) and all costs of issuance of the Bonds.

(f) Sufficiency of Funds. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that there will be sufficient funds available to Borrower to complete the Project and cover all costs as shown on the Disbursement Budget attached hereto, whether from the proceeds of the Loan, Subordinate Loans and the capital contributions of the Tax Credit Investor to be made prior to completion of the Project, or from another source or other sources acceptable to Bondowner Representative.

(g) Construction Contract. Borrower shall have delivered to Bondowner Representative a fully executed copy of the Construction Contract in form and substance satisfactory to Bondowner Representative and a consent to the Assignment of Construction Contracts executed by Contractor in form and substance satisfactory to Bondowner Representative.

(h) Subordinate Loans. Close of escrow shall have occurred with respect to the Subordinate Loans, each of which shall have been subordinated to the lien of the Deed of Trust and Bondowner Representative's rights with respect to the Loan. Borrower shall have received the proceeds of each Subordinate Loan in such amounts as have been approved by Bondowner Representative and shall have delivered to Bondowner Representative the fully executed documents evidencing the Subordinate Loans, all of which shall have been approved by Bondowner Representative.

(i) Financing Statements. The Financing Statements described in Exhibit B, Paragraph (a), items (vi) and (vii) and shall have been filed with the California Secretary of State, and Bondowner Representative shall have received and

approved the results of a UCC search conducted and certified by the California Secretary of State.

(j) Title Insurance. Borrower shall (at its own expense) have obtained a commitment from the Title Company in form and content satisfactory to Bondowner Representative for delivery to the Bondowner Representative of a mortgagee's policy of title insurance (the "Title Policy") which complies with the following requirements: (x) the Title Policy shall be issued with respect to the Property, shall show the Deed of Trust as the insured mortgage, shall name the Bondowner Representative as insured, shall be dated as of the date of recording of the Deed of Trust, shall be in an amount not less than the original principal amount of the Bonds and shall be in form and substance reasonably satisfactory to the Bondowner Representative; (y) when originally issued, the Title Policy shall be in form ALTA LP 10 (in 2006 form or other form acceptable to Bondowner Representative) and shall contain such endorsements as Bondowner Representative may require, including without limitation, **[NOTE: THE FOLLOWING TO BE UPDATED UPON COMPLETION OF TITLE REVIEW: ALTA 3 Zoning, unimproved land, ALTA 6 Variable Rate, ALTA 8.1 Environmental, ALTA 9.1 Comprehensive, modified for vacant land, ALTA 10.1 Assignment of Mortgage with Priority; ALTA 17 Access and abut, ALTA 17.2 Utility Access; ALTA 18 Separate Tax Parcel, ALTA 22 Address (if available), ALTA 25 Survey, ALTA 26 Subdivision, ALTA 27 Usury; ALTA 28 Easement; CLTA 104.7 Assignment of Rents, CLTA 112 Bondholder, Special: Deletion of Arbitration provisions (paragraph 13 of Conditions), Special: Electronic signatures on policy/endorsements, and a commitment to issue such further endorsements as Bondowner Representative may require, including without limitation, CLTA 101.2 or 101.6 (mechanics' liens, notice of completion) and CLTA 122 Datedown endorsements in such number and at such times as may be required by Bondowner Representative;]** and (z) the Title Policy shall include a commitment by the Title Company to rewrite the Title Policy into a full ALTA Loan Policy (in 2006 form or other form acceptable to Holder), with unqualified and unlimited ALTA 9 Lender's comprehensive, unmodified, ALTA 22 Address, CLTA 102.5 Foundation without encroachment Endorsements upon completion of construction of the Project. The Title Policy shall insure:

- (i) that the Borrower possesses the fee simple interest in the Property;
- (ii) that the Deed of Trust is a valid first lien upon the Property subject only to Permitted Encumbrances; and
- (iii) that the following standard exceptions be waived and insured: (1) facts which would be disclosed by a comprehensive survey of the Property, (2) mechanic's, contractors' or materialmen's liens and lien claims, and (3) all other exceptions noted in Schedule B, Section I of the Title Policy.

(k) Admission of Tax Credit Investor. The Tax Credit Investor shall have been admitted as a limited partner in Borrower, and Borrower's Partnership Documents shall have been amended to reflect the admission of Tax Credit Investor, on terms and conditions reasonably approved by Bondowner Representative. Without

limitation upon the generality of the foregoing, the Partnership Documents, as amended, shall obligate the Tax Credit Investor to make the cash Capital Contributions in at least the amounts and at the times and subject to the terms and conditions set forth in the Partnership Agreement.

(l) Insurance. Borrower shall have complied with the insurance requirements of Article 7.

(m) Costing Analysis. Bondowner Representative shall have satisfactorily completed its costing analysis of the Project.

(n) ALTA Survey. Borrower shall have delivered to Bondowner Representative and Bondowner Representative shall have approved an ALTA survey of the Property.

(o) Payment and Performance Bond as to Construction Contract. Borrower shall have delivered to Bondowner Representative a payment and performance bond with respect to the Construction Contract, with evidence of recordation thereof in the Official Records of the County, meeting the following requirements:

(i) the Payment and Performance Bond shall name Borrower and Wells Fargo Bank, National Association, and its successors as Bondowner Representative under the Indenture as co-obligees;

(ii) the Payment and Performance Bond shall be in an amount of not less than \$____.00;

(iii) the Payment and Performance Bond shall be issued by a corporate surety licensed to do business in the State of California and approved in writing by Bondowner Representative;

(iv) the Payment and Performance Bond shall include language to the effect that the Contractor will promptly and faithfully perform its obligations under the Construction Contract and that the surety waives notice of any alteration or extension of time given by Borrower under the Construction Contract;

(v) the Payment and Performance Bond shall include a requirement of the principal to promptly make payment to all claimants; and

(vi) the Payment and Performance Bond shall correctly state Borrower's name and the address of the Project.

(p) Environmental Review and Approval. Bondowner Representative shall have satisfactorily completed its environmental review and analysis of the Project.

(q) Permits. Except as approved by Bondowner Representative, Borrower shall have received a building permit for the Project and delivered evidence to Bondowner Representative thereof, and all other permits and similar permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the construction, development and construction of the Property and Project including, but not limited to, all authorizations, including annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations, and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any Governmental Authority which are (a) required for the construction, development and construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested disbursement, and all of the same shall remain in full force and effect.

(r) HCD MHP Loan and HCD VHHP Loan. Bondowner Representative shall have received and approved the HCD MHP Standard Agreement, HCD VHHP Standard Agreement and estoppel letters executed by HCD in connection with the HCD MHP Loan and HCD VHHP Loan.

(s) Subsidy Contracts and Subsidy Payments. Borrower shall have delivered to Bondowner Representative and Bondowner Representative shall have approved the fully executed Subsidy Contracts. Bondowner Representative shall have received an assignment of all of Borrower's right, title and interest in, to and under the Subsidy Contracts and Subsidy Payments.

4.2 Conditions Precedent to Subsequent Disbursements of Proceeds of the Bonds After Initial Disbursement. Bondowner Representative's obligation to consent to any disbursement of proceeds of the Bonds held by Bondowner Representative in the Bond Fund after the initial disbursement shall be subject to satisfaction (or waiver by Bondowner Representative, in its sole discretion) of each of the following conditions precedent:

(a) Permits. Prior to any disbursement of proceeds of the Bonds after the initial disbursement, Borrower shall have received any of the following not received prior to the Closing Date: additional permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the development and construction of the Property and Project including, but not limited to, all authorizations, including annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations, and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any Governmental Authority which are (a) required for the development and construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested disbursement, and all of the same shall remain in full force and effect.

4.3 Conditions Precedent To Any Disbursement. Bondowner Representative's obligation to consent to any disbursement (including the initial disbursement and the final disbursement) shall be subject to the satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the following conditions precedent:

(a) Application for Payment. Bondowner Representative shall have received and approved an Application for Payment (as defined in the Disbursement Plan), executed by Borrower, stating the amount of the disbursement then requested and meeting the requirements of the Disbursement Plan attached hereto as Exhibit D, and all other documents, instruments, agreements, certificates, liens waivers and other items required thereunder.

(b) Disbursement Plan Conditions. All of the conditions precedent to the requested disbursement set forth in the Disbursement Plan attached hereto as Exhibit D shall have been satisfied.

(c) Compliance with Financial Requirements Analysis; Borrower's Funds. Borrower shall be in compliance with its obligations under Section 5.6 and 5.7 of this Agreement. To the extent that Borrower is obligated to deposit Borrower's Funds into Borrower's Funds Account pursuant to those Sections, such Borrower's Funds shall have been fully disbursed as a condition to any obligation of Bondowner Representative to make further disbursement of proceeds of the Bonds under the Loan Documents.

(d) Bondowner Representative Inspections. Bondowner Representative shall have determined, based upon such inspections and examinations of the progress of construction of the Project as Bondowner Representative shall elect in its sole judgment to conduct from time to time pursuant to the terms of Section 5.14, that construction of the Project is proceeding in substantial conformity with the Plans and Specifications, as modified by change orders with respect to which Borrower has complied with Section 5.5. Borrower shall have paid all of the costs and expenses of Bondowner Representative reasonably incurred in any such inspection and examination.

(e) Government Inspections. If Bondowner Representative shall so require, any portion of the Project completed through the date of the requested disbursement which requires inspection or certification by municipal or other Governmental Authorities shall have been inspected and certified as complete and all other necessary approvals shall have been duly issued and Bondowner Representative shall have received true and correct copies of all such inspections, certificates and approvals or Bondowner Representative shall have received other evidence, in form and content reasonably satisfactory to Bondowner Representative, that the Project has been constructed in such a manner as to be in compliance with any such inspections, certificates and approvals.

(f) Title Endorsements. Bondowner Representative shall have received such endorsements and binders to the Title Policy as Bondowner Representative may reasonably require (including without limitation endorsements confirming the continuing priority of the Deed of Trust with respect to such disbursement, and endorsements confirming that no encroachments exist on the Property

or adjoining property). Bondowner Representative shall be furnished, at no cost to it, such surveys and certificates as may be required by the title insurance company in connection with the issuance of such endorsements.

(g) Mechanics' Liens; Stop Notices. No mechanics' lien shall have been recorded against the Property and no stop notice shall have been served upon Borrower or the Bondowner Representative unless there has been issued a surety bond, or such other collateral as is satisfactory to Bondowner Representative, adequate to release the Project from the lien thereof in accordance with this section), and Bondowner Representative shall have no reasonable cause to believe that the requested disbursement will be junior in priority of lien to any mechanics' or material suppliers' lien or to any intervening or other lien upon the Property; if a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower and/or Bondowner Representative, Borrower shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Bondowner Representative's demand, whichever occurs first: (i) pay and discharge the claim of lien or bonded stop notice; (ii) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (iii) provide Bondowner Representative with other assurances which Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of the lien of the Deed of Trust from the effect of such lien or bonded stop notice.

(h) Compliance With Bond and Loan Documents. Borrower shall have complied with all of the terms and conditions imposed by the Indenture and this Agreement in connection with such disbursement and Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(i) No Default; Compliance with Bond Documents. There shall exist no Default, as defined in this Agreement, or Event of Default as defined in any of the other Bond Documents and Loan Documents or in the Other Related Documents (subject to all applicable notice and cure periods), or event requiring mandatory redemption of the Bonds or event which, with the giving of notice or the passage of time, or both, could be a Default or event requiring mandatory redemption of the Bonds, and Borrower shall have performed all of its obligations under this Agreement and complied with all of the terms and conditions imposed by the Indenture and this Agreement in connection with such disbursement and, if Bondowner Representative shall so require, Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(j) Representations and Warranties. All representations and warranties contained in this Agreement shall be true and correct as of the date of the disbursement, and Bondowner Representative shall have received a certificate restating each of such representations and warranties as true and correct as of the date of the disbursement.

(k) Full Force and Effect. Each of the Bond Documents and Loan Documents shall remain in full force and effect, binding upon all parties thereto.

(l) Status of Project Funds. All of the obligations of Borrower shall have been fully performed and discharged and the Project shall be free and clear of all liens for labor or materials provided to date, and all work performed to date in construction of the Project shall have been accomplished in a good workmanlike manner and in accordance with the Plans and Specifications.

(m) Status of Subordinate Loans. The Subordinate Loans (or to the extent that documents for any such Subordinate Loan have not yet been executed, any commitment related to such Subordinate Loan) shall remain unamended and in full force and effect, and no uncured default shall have occurred thereunder.

(n) Status of Partnership Agreement. Except as permitted hereunder, the Partnership Agreement and the commitment of Investor Limited Partner to make capital contributions thereunder shall remain unamended and in full force and effect, except as approved by Bondowner Representative, and no uncured default on the part of General Partner or failure of a condition to Investor Limited Partner's capital contribution obligations shall have occurred.

(o) Status of Subsidy Contracts and Subsidy Payments. The Subsidy Contracts shall remain unamended and in full force and effect, no uncured default shall have occurred thereunder and Borrower shall have received all Subsidy Payments contemplated to have been paid to Borrower as of the date of such disbursement.

4.4 Account, Pledge and Assignment, and Disbursement Authorization. Borrower's Funds shall be deposited into Borrower's Funds Account and disbursed by the Bondowner Representative to or for the benefit or account of Borrower under the terms of the Indenture after consent to such disbursement by Bondowner Representative, upon the written request of Susan Friedland, Eve Stewart, Jonathan Astmann or Tom Earley, who are each authorized by Borrower to request such disbursements and to select and exercise options for the Effective Rate (as defined in the Note) under the Note until such time as written notice of Borrower's revocation of such authority is received by the Bondowner Representative. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative, and grants to Bondowner Representative a security interest in Borrower's Funds Account and all moneys at any time deposited in Borrower's Funds Account, as collateral security for the obligations of Borrower under this Agreement and the Note, and agrees that Bondowner Representative shall have all of the rights of a secured party under the California Uniform Commercial Code in connection therewith.

4.5 Loan Disbursements. Subject to the conditions set forth in Sections 4.1, 4.2, 4.3 and 5.7 of this Agreement, the proceeds of the Bonds and Borrower's Funds shall be disbursed in accordance with the terms and conditions of Exhibit D and applied to Project Costs in accordance with the Financial Requirements Analysis. All costs incurred in connection with the requisition and disbursement of Bond funds, including, but not limited to, updates to the Title Policy, shall be paid by Borrower. All disbursements shall be held by Borrower in trust and applied by Borrower solely for the purposes for which the funds have been disbursed. Bondowner Representative has no obligation to monitor or determine Borrower's use or application of the disbursements.

4.6 Conditions to the Obligations of the Issuer. The obligations of the Issuer to issue and deliver the Bonds on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Bondowner Representative and Borrower of their respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) Each of the Indenture, this Agreement and the Regulatory Agreement shall have been executed by the parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly of prohibiting the offering, sale or issuance of the Bonds as contemplated in the Indenture herein; and

(c) The conditions precedent set forth in Section 4.1 hereof and in Section 3.01 of the Indenture shall have been satisfied.

4.7 Funds Transfer Disbursements. Borrower hereby authorizes Bondowner Representative to disburse the proceeds of any Loan(s) made by Bondowner Representative or its affiliate pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit E. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower's name by one of the individuals named in Section 4.4 or in a Disbursement Instruction Agreement in the form of Exhibit E duly executed by an authorized signatory of Borrower and accepted by Bondowner Representative in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Bondowner Representative may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than that named by the Borrower. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Bondowner Representative takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Bondowner Representative takes these actions Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Bondowner Representative and Borrower. Borrower agrees to notify Bondowner Representative of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within fourteen (14) days after Bondowner Representative's confirmation to Borrower of such transfer. Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Bondowner Representative may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline, or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation. Bondowner Representative shall not be liable to Borrower or any other parties for (i)

errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made, or information received or transmitted, and no such entity shall be deemed an agent of Bondowner Representative, (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or constraints or other events beyond Bondowner Representative's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Agreement.

ARTICLE 5 CONSTRUCTION COVENANTS

5.1 Commencement and Completion. Borrower shall give a notice to proceed under the Construction Contract by not later than sixty (60) days from the date of Closing, and shall complete construction of the Project on or before the Completion Date and shall deliver to Bondowner Representative a copy of a certificate of occupancy for all of the Improvements by the appropriate governmental authority.

5.2 Force Majeure. The time within which construction of the Project must be completed shall be extended for a period of time equal to the period of any delay directly affecting construction which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided, however, that Borrower shall furnish Bondowner Representative with written notice satisfactory to Bondowner Representative evidencing any such delay within ten (10) days from the occurrence of any such delay. In no event shall the time for completion of the Project be extended more than sixty (60) days beyond the Completion Date.

5.3 Construction Contract. Borrower and Contractor shall enter into the Construction Contract pursuant to the terms and conditions of which Contractor is to construct the Project. Borrower shall require Contractor to perform in accordance with the terms of the Construction Contract, subject to Section 5.5(a) below, and shall not materially amend, modify or alter the responsibilities of Contractor under the Construction Contract without Bondowner Representative's prior written consent. Borrower shall execute, upon Bondowner Representative's request, an assignment of Borrower's rights under the Construction Contract to the Bondowner Representative as security for Borrower's obligations under this Agreement and the other Loan Documents and shall cause the Contractor to consent to any such assignment.

5.4 Architectural Contract. Borrower and Architect shall have entered into the Architectural Contract, pursuant to which Architect is to design the Project. Borrower shall require Architect to perform in accordance with the terms of the Architectural Contract and subject to Section 5.5(a) below, shall not amend, modify or alter the responsibilities of Architect under the Architectural Contract without Bondowner Representative's prior written consent. Upon Bondowner Representative's request, Borrower shall execute an assignment of the Architectural Contract, together with the Plans and Specifications relating thereto, to the Bondowner Representative as additional security for Borrower's performance under this

Agreement and the other Loan Documents and shall cause the Architect to consent to any such assignment.

5.5 Plans and Specifications.

(a) Changes: Bondowner Representative Consent. Except as otherwise provided in this Agreement, Borrower shall not make any changes in the Plans and Specifications without the prior written consent of Bondowner Representative if such change: (i) constitutes a material change in the building material or equipment specifications, or in the architectural or structural design, value or quality of any of the Project; (ii) would result in an increase of construction costs in excess of \$____.00 for any single change or in excess of \$____.00 for all such changes; (iii) would adversely affect the structural integrity, quality of building materials, or overall efficiency of operating systems of the Project. Without limiting the above, Bondowner Representative agrees that Borrower may make minor changes in the Plans and Specifications without Bondowner Representative's prior written consent, provided that such changes do not violate any of the conditions specified herein. Borrower shall at all times maintain, for inspection by Bondowner Representative, a full set of working drawings of the Project.

(b) Changes; Submission Requirements. Borrower shall submit any proposed change in the Plans and Specifications to Bondowner Representative at least ten (10) days prior to the commencement of construction relating to such proposed change whether or not such change is subject to Bondowner Representative's consent. Requests for any change which requires consent shall be accompanied by working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bondowner Representative, signed by Borrower and, if required by Bondowner Representative, also by the Architect and the Contractor. At its option, Bondowner Representative may require Borrower to provide: (i) evidence satisfactory to Bondowner Representative of the cost and time necessary to complete the proposed change; (ii) a deposit in the amount of any increased costs into Borrower's Funds Account in accordance with Section 5.7 below; and (iii) a complete set of "as built" Plans and Specifications for the completed Project.

(c) Consent Process. Borrower acknowledges that Bondowner Representative's review of any changes and required consent may result in delays in construction and hereby consents to any such delays; provided, however, that Bondowner Representative will use its best efforts to review such changes in a timely manner.

(d) Final Plans and Specifications. Upon completion of the Project, Borrower shall deliver to Bondowner Representative within twenty (20) days a set of final Plans and Specifications.

5.6 Financial Requirements Analysis. Borrower shall apply proceeds of the Bonds in accordance with the Financial Requirements Analysis attached hereto as Exhibit C, and shall construct the Project in accordance with the Plans and Specifications and within the time

limits imposed by this Agreement. Promptly and in any event within fourteen (14) days after Borrower's discovery that the Financial Requirements Analysis does not accurately project the Project Costs which have been and will be incurred in connection with construction of the Project in accordance with the Plans and Specifications, Borrower shall notify Bondowner Representative of the discrepancy and shall submit to Bondowner Representative a revised budget of Project Costs.

5.7 Balancing. Borrower agrees to keep the Financial Requirements Analysis "in balance" at all times. The Financial Requirements Analysis is not "in balance" if any undisbursed monies in the Project Fund together with all sums, if any, to be provided by Borrower as shown in Exhibit C are not at all times equal to or greater than the amount which Bondowner Representative from time to time determines necessary to: (i) complete each line item category as contained on Exhibit C; (ii) pay, through completion, all costs of development, construction, operation and leasing of the Project in accordance with the Bond Documents and the Loan Documents; (iii) pay all sums which may become payable under the Loan Documents and Other Related Documents; and (iv) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents. If Bondowner Representative determines at any time that the Financial Requirements Analysis is not "in balance", Borrower shall provide the amount of such deficiency to the Bondowner Representative for deposit into Borrower's Funds Account.

5.8 Contractor/Construction Information. Within ten (10) days of Bondowner Representative's written request, Borrower shall deliver to Bondowner Representative from time to time in a form acceptable to Bondowner Representative: (a) a list detailing the name, address and phone number of each contractor, subcontractor and material supplier to be employed or used for construction of the Project together with the dollar amount, including changes, if any, of each contract and subcontract, and the portion thereof, if any, paid through the date of such list; (b) copies of each contract and subcontract identified in such list, including any changes thereto; (c) a cost breakdown of the projected total cost of constructing the Project, and that portion, if any, of each cost item which has been incurred; and (d) a construction progress schedule detailing the progress of construction and the projected sequencing and completion time for uncompleted work, all as of the date of such schedule.

Borrower agrees that Bondowner Representative may disapprove any contractor, subcontractor or material supplier which, in Bondowner Representative's good faith determination, is deemed financially or otherwise unqualified; provided, however, that the absence of any such disapproval shall not constitute a warranty or representation of qualification by Bondowner Representative. Bondowner Representative may contact any such contractor, subcontractor or material supplier to discuss the course of construction.

5.9 Prohibited Contracts. Without Bondowner Representative's prior written consent, Borrower shall not contract for any materials, furnishings, equipment, fixtures or other parts or components of the Project (other than for vending machines and tenant-serving electronic communications equipment including cable television or internet equipment), if any third party shall retain any ownership interest (other than lien rights created by operation of law) in such items after their delivery to the Property and Project. Borrower shall have five (5) days to effect the removal of any such retained interest.

5.10 Liens and Stop Notices. If a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower or Bondowner Representative, Borrower shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Bondowner Representative's demand, whichever occurs first: (a) pay and discharge the claim of lien or bonded stop notice; (b) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (c) provide Bondowner Representative with other assurances which Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of Bondowner Representative from the effect of such lien or bonded stop notice.

5.11 Construction Responsibilities. Borrower shall cause the Project to be constructed in a workmanlike manner according to the Plans and Specifications and the recommendations of any soils or engineering report approved by Bondowner Representative. Borrower shall comply with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions, and requirements of all regulatory authorities having jurisdiction over the Property or Project. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and Project, including, without limitation, for the quality and suitability of the Plans and Specifications and their compliance with all governmental requirements, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements. Bondowner Representative is not obligated to supervise, inspect or inform Borrower or any third party of any aspect of the construction of the Project or any other matter referred to above.

5.12 Assessments and Community Facilities Districts. Without Bondowner Representative's prior written consent, Borrower shall not cause to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property and Project pursuant to: (a) the Mello-Ross Community Facilities Act of 1982; (b) the Municipal Improvement Act of 1913; or (c) any other comparable or similar statute or regulation. Nor shall Borrower cause or otherwise consent to the levying of special taxes or assessments against the Property and Project by any such assessment district or community facilities district.

5.13 Delay. Borrower shall promptly notify Bondowner Representative in writing of any event causing more than a thirty (30) day delay or interruption of construction, or the timely completion of construction. The notice shall specify the particular work delayed, and the cause and period of each delay.

5.14 Inspections. Bondowner Representative shall have the right to enter upon the Property at all reasonable times to inspect the Project and the construction work and to verify information disclosed or required pursuant to this Agreement.

(a) If Bondowner Representative in its reasonable judgment determines that any work or materials fail to conform to the approved Plans and Specifications or sound building practices, or that they otherwise depart from any of the

requirements of this Agreement, Bondowner Representative may require the work to be stopped and withhold its consent to further disbursements until the matter is corrected. If this occurs, Borrower must correct the work to Bondowner Representative's satisfaction promptly and, at Bondowner Representative's request, halt all other work pending completion of such corrective work. No such action by Bondowner Representative will affect Borrower's obligation to complete the Project in accordance with the Plans and Specifications and on or before the Completion Date.

(b) Bondowner Representative has no duty to visit Project site, to supervise or observe construction or to examine any books or records. Any site visit, observation or examination by Bondowner Representative is solely for the purpose of protecting Bondowner Representative's rights and interests, and may not be relied upon by Borrower or by any third party as a representation or warranty of compliance with this Agreement or any other agreement. No site visit, observation or examination by Bondowner Representative will impose any liability on Bondowner Representative or result in a waiver of any default of Borrower or be a representation that Borrower is or will be in compliance with the Plans and Specifications, that the construction is free from defective materials or workmanship, or that the construction complies with all applicable Requirements. Neither Borrower nor any other party is entitled to rely on any site visit, observation or examination by Bondowner Representative. Bondowner Representative owes no duty of care to protect Borrower or any other party against, or to inform Borrower or any other party of, any negligent or defective design or construction of the Project or any other adverse condition affecting the Property.

(c) Upon Bondowner Representative's written request, Borrower shall promptly deliver to Bondowner Representative: (i) a perimeter survey of the Property; and (ii) a survey showing the location of the Project on the Property and confirming that the Project is located entirely within the Property and does not encroach upon any easement, or breach or violate any governmental requirement. All such surveys shall be performed and certified by a licensed engineer or surveyor acceptable to the title insurer.

5.15 Project Title, Operation and Maintenance.

(a) The Issuer shall not be under any obligation to operate, maintain or repair the Property. Borrower agrees that until this Agreement is terminated pursuant to Section 14.1 hereof, it will, at its own expense, (a) keep the Property in safe repair and in such operating condition as is needed for its operations; (b) make all necessary repairs and replacements to the Property (whether ordinary or extraordinary, structural or nonstructural); (c) subject to the restrictions imposed by the Regulatory Agreement, operate the Project in a sound and economic manner in accordance with usual business practice; (d) operate the Project in compliance with all applicable laws, codes, environmental laws, zoning laws, the ADA (to the extent applicable) and laws regulating construction, occupancy or maintenance of property of a character included in the Project; and (e) comply with all existing and future laws, regulations, orders, building codes and restrictions and requirements of, and all permits and approvals from, and agreements with and commitments to, all governmental, judicial or legal authorities

having jurisdiction over the Property or Borrower's business, conducted thereon or therefrom and with all restrictive covenants and other title encumbrances encumbering the Property, including without limitation those contained in the Regulatory Agreement and other Restrictions (all collectively, the "Requirements").

(b) Borrower shall pay all expenses of the operation and maintenance of the Project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of this Agreement, all in conformance with and subject to any good faith contest provisions provided in the Deed of Trust.

(c) In the event Borrower shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Agreement or shall fail to keep the Project in good repair and good operating condition and make all necessary repairs and replacements to the Project, the Bondowner Representative may, after providing Borrower with reasonable notice and the opportunity to remedy the problem(s) identified by Bondowner Representative, but shall be under no obligation to, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and Borrower agrees to reimburse the Issuer or the Bondowner Representative to the extent of the amounts so advanced, and in addition shall pay interest on any such amount at the Default Rate from the date such amount was advanced until the date such amount was repaid or reimbursed by Borrower.

(d) Borrower shall obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all applicable lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or whether involving any change in governmental policy or requiring structural or other changes to part or all of the Project and irrespective of the cost of making the same.

(e) Notwithstanding the provisions of this Section 5.15, Borrower may in good faith contest the validity or the applicability of any law, ordinance, rule or regulation provided that during the period of such contest and any appeal therefrom, (i) such failure to comply with such requirement or requirements will not adversely affect the lien of the Deed of Trust or materially endanger such liens or the Project or any part thereof, (ii) will not subject the Project or any part thereof to loss or forfeiture and (iii) Borrower will post with the Bondowner Representative, for the benefit of the Holder, cash, a bond or other reasonably acceptable security in an amount equal to 125% of the disputed amount.

(f) Borrower agrees not to permit or suffer others to commit a nuisance in or about the Property or themselves commit a nuisance in connection with their use or occupancy of the Property.

5.16 Advances. Borrower acknowledges and agrees that under this Agreement and certain of the other Loan Documents, the Holder or the Bondowner Representative may, but shall be under no obligation to, take certain action and make certain advances relating to the Project from certain funds held under the Indenture or otherwise, or to certain other matters as expressly provided therein, and Borrower shall be obligated to repay all such advances on demand with interest from the date such payment was originally advanced until repaid or reimbursed by Borrower at the Default Rate.

5.17 Alterations to the Project and Removal of Equipment. Without the reasonable consent of Bondowner Representative, Borrower shall not remodel or make any additions, modifications, alterations, or changes to the Project (collectively referred to as “alterations”) in or to the Project, or remove any equipment therefrom other than in the ordinary course of business in the operation of the Project. Notwithstanding the provisions of the Deed of Trust, no such alteration or removal will be made if to do so would impair the character of the Project as a “project” within the meaning of the Act, or impair the exclusion of interest on the Bonds from gross income for federal income tax purposes.

5.18 Construction Schedule. If, based on any construction progress schedule or other materials submitted by Borrower, Bondowner Representative in its reasonable judgment determines that the Project will not be completed by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction to permit timely completion. In addition, if Bondowner Representative in its reasonable judgment determines that any building constituting the Project will not be “placed in service” (within the meaning of Section 42 of the Code) by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction. Within fifteen (15) days after receiving such a request from Bondowner Representative, Borrower must deliver to Bondowner Representative a revised construction progress schedule showing completion of the Project by the Completion Date. As a condition to any agreement to extend the Completion Date, Bondowner Representative may require Borrower to confirm by evidence satisfactory to Bondowner Representative that such extension will not have any adverse effect upon the availability of the Tax Credits for the Project.

5.19 Preservation of Rights. Borrower must obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower’s business thereon or therefrom.

5.20 Maintenance and Repair. Borrower must (i) maintain the Property, including landscaping portions thereof (if any), in good condition and repair, (ii) promptly make all necessary structural and non-structural repairs to the Project (or cause tenants under any leases to perform such obligation), and (iii) not erect any new buildings, structures or building additions on the Property, without the prior written consent of Bondowner Representative. Borrower must pay when due all claims for labor performed and materials furnished therefor in connection with any improvement or construction activities.

5.21 Permits, Licenses and Approvals. Borrower must obtain, comply with and keep in effect all building permits and similar permits, licenses, approvals, development agreements and other authorizations required from governmental bodies in connection with the

development and construction of the Property and Project. Borrower must deliver copies of all such permits, licenses and approvals to Bondowner Representative promptly, and in any event within twenty (20) days after receipt thereof.

5.22 Performance of Acts. Borrower must perform, upon Bondowner Representative's request, all acts necessary to perfect any lien or security interest provided for in the Loan Documents.

5.23 Management Agreement. Bondowner Representative must review and approve any agreement providing for the management or operation of the Property, including any material modifications or amendments thereto, before Borrower can enter into such agreement, provided, however, the approval of Bondowner Representative shall not be required for the renewal of any such agreement.

ARTICLE 6 BORROWER'S COVENANTS

6.1 Fees. Borrower shall pay or cause to be paid to Bondowner Representative in cash or by such other satisfactory means to Bondowner Representative in its sole discretion on or before recordation of the Deed of Trust, a loan fee in the amount of _____ and 00/100 Dollars (\$____.00).

6.2 Expenses. Borrower shall immediately pay Bondowner Representative upon demand all costs and expenses incurred by Bondowner Representative in connection with: (a) the preparation of this Agreement, all other Loan Documents, Other Related Documents and Bond Documents; (b) the administration of this Agreement, the other Loan Documents and Other Related Documents and Bond Documents for the term of the Loan; and (c) the enforcement or satisfaction by Bondowner Representative of any of Borrower's obligations under this Agreement, the other Loan Documents or the Other Related Documents or Bond Documents. For all purposes of this Agreement, Bondowner Representative's costs and expenses shall include, without limitation, all appraisal fees, cost engineering and inspection fees, reasonable legal fees and expenses, accounting fees, environmental consultant fees, auditor fees, internal administration expenses, UCC filing fees and/or UCC vendor fees and the cost to Bondowner Representative of any title insurance premiums, title surveys, reconveyance and notary fees. Borrower recognizes and agrees that formal written appraisals of the Property and Project by a licensed independent appraiser may be required by Bondowner Representative's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Bondowner Representative may, at its option, require inspection of the Property and Project by an independent supervising architect and/or cost engineering specialist: (i) prior to each disbursement; (ii) at least once each month during the course of construction even though no disbursement is to be made for that month; (iii) upon completion of the Project; and (iv) at least semiannually thereafter. At its option, Bondowner Representative may make disbursements from the Loan to cover any expenses or charges which are to be borne by Borrower, including but not limited to, the cost of any required legal fees, appraisals, inspections, certifications or surveys. If any of the services described above are provided by an employee of Bondowner Representative, Bondowner Representative's costs and expenses for such services shall be calculated in accordance with Bondowner Representative's standard charge for such services.

6.3 Taxes and Impositions. Borrower shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the “Impositions”): (a) all general and specific real property taxes and assessments imposed on the Property; (b) all other taxes and assessments and charges of every kind that are assessed upon the Property (or upon the owner and/or operator of the Property) and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; and (c) all license fees, taxes and assessments imposed on Bondowner Representative (other than Bondowner Representative’s income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the obligations secured by the Property. If permitted by law, Borrower may pay or cause to be paid any Imposition in installments (together with any accrued interest). Borrower shall not be required to pay or cause to be paid any Imposition so long as (d) its validity is being actively contested in good faith and by appropriate proceedings, (e) Borrower has demonstrated to Bondowner Representative’s reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such Imposition or otherwise impair Bondowner Representative’s interests under the Loan Documents and (f) if Bondowner Representative shall so request, Borrower has furnished Bondowner Representative with a bond or other security satisfactory to Bondowner Representative in an amount not less than 100% of the applicable claim. Upon demand by Bondowner Representative from time to time, Borrower shall (g) deliver to Bondowner Representative, within thirty (30) days following the due date of Imposition, evidence of payment or other satisfaction of such Imposition reasonably satisfactory to Bondowner Representative and (h) furnish to Bondowner Representative a tax reporting service for the Property of a type and duration, and with a company, reasonably satisfactory to Bondowner Representative. Notwithstanding the foregoing, Borrower shall comply with any provisions of the Indenture which require impounding of Impositions and if such provisions are inconsistent with the requirements of this Agreement, the provisions of the Indenture shall control.

6.4 Compliance with Laws. Borrower shall comply with all laws and requirements of Governmental Authorities and all rights of third parties, relating to the Property or Borrower’s business or other properties, and deliver to Bondowner Representative from time to time, within ten (10) days of Bondowner Representative’s request therefor, evidence satisfactory to Bondowner Representative that Borrower has complied with any such law, requirement or right.

6.5 Maintenance and Security for Project. Borrower shall maintain the Project in good condition and repair (such condition and repair to be consistent with that of competing properties), take all measures reasonably required by Bondowner Representative to protect the physical security of the Project, and not permit any waste or damage with respect to the Project.

6.6 Notice of Certain Matters. Borrower shall give notice to Bondowner Representative, within seven (7) days of Borrower’s knowledge thereof, of each of the following:

- (a) any litigation or claim of any kind affecting or relating to Borrower and involving an amount in excess of \$50,000.00, and any litigation or claim

of any kind that might subject Borrower to liability in excess of \$50,000.00, whether covered by insurance or not;

(b) any aspect of the Project that is not in conformity with the Plans and Specifications in a material respect;

(c) the creation or imposition of any mechanic's lien, materialmen's lien or other lien against the Project unless Borrower shall post statutory bonds or other security satisfactory to Bondowner Representative sufficient to cause the removal of such lien;

(d) the occurrence of any default that remains uncured beyond any applicable notice and cure period by Borrower or any other party under any Project Agreement, or the receipt by Borrower of any notice of default under any Project Agreement;

(e) the occurrence of any dispute between Borrower and any Governmental Authority relating to the Project, the adverse determination of which might materially affect the Project;

(f) the occurrence of any threat or commencement of proceedings in condemnation or eminent domain relating to Borrower's ownership of the Project;

(g) the use of any trade name hereafter used by Borrower in connection with the Project, other than the use of the trade name "Tabora Gardens Senior Apartments";

(h) any change in Borrower's principal place of business;

(i) the occurrence of any Default or event which, with the giving of notice or the passage of time or both, would constitute a Default; and

(j) the occurrence of any other event or condition causing a material adverse change in the financial condition of Borrower.

6.7 Liens on Property. Borrower shall not cause or suffer to become effective any lien, restriction or other title limitation affecting any part of the Property other than mechanics' liens permitted pursuant to Section 4.3(g), the Regulatory Agreement, the other Permitted Restrictions and any other liens or encumbrances previously approved by Bondowner Representative in writing and the inchoate liens securing the payment of taxes and assessments not delinquent. Borrower acknowledges that, with any project of the magnitude of the Project, modifications of the Plans and Specifications and Loan Documents may be necessary from time to time and that the existence of junior lienholders, who would be required to consent to such modifications in order to protect the priority of the lien of the Deed of Trust, could impair the expeditious completion of the Project, to the detriment of all parties.

6.8 Prohibition of Transfer. Borrower represents, agrees and acknowledges that:

(i) Development of real property is a highly complex activity which requires substantial knowledge of law and business conditions and practices, and an ability to control, coordinate and schedule the many factors affecting such development. Experience, financial stability, managerial ability and a good reputation in the business community enhance a developer's ability to obtain market rents (or maximum permissible rents pursuant to the Regulatory Agreement and other Restrictions) and/or sales prices and to induce cooperation in scheduling and are taken into account by Bondowner Representative in approving loan applications.

(ii) Borrower has represented to Bondowner Representative, not only in the representations and warranties contained in the Loan Documents, but also in its initial credit application and in all of the negotiations connected with the Loan, certain facts concerning Borrower's financial stability, managerial and operational ability, reputation, skill, and credit worthiness. Bondowner Representative has relied upon these representations and warranties as a substantial and material consideration in its decision to enter into this Agreement.

(iii) The conditions and terms provided in this Agreement were induced by these representations and warranties and would not have been made available by Bondowner Representative in the absence of these representations and warranties.

(iv) Borrower's financial stability and managerial and operational ability and that of those persons or entities having a direct or beneficial interest in Borrower are a substantial and material consideration to any third parties who have entered or will enter into agreements with Borrower.

(v) Bondowner Representative has relied upon the skills and services offered by such third parties and the provision of such skills and services is jeopardized if Borrower breaches its covenants contained below regarding transfers.

(vi) Except as otherwise permitted under Section 6.8(b) and except for leases described in Section 6.16, a transfer of possession of or title to the Property, or a change in the person or entity operating, developing, constructing or managing the Property would substantially increase the risk of Default under the Loan Documents and significantly and materially impair and reduce Bondowner Representative's security for the obligations under this Agreement.

(b) In consideration of Bondowner Representative's induced reliance on such representations, warranties and agreements, Borrower shall not make any transfer prohibited by Section 5.12 of the Deed of Trust. Bondowner Representative

acknowledges that Borrower has granted or may grant an option and a right of first refusal with respect to transfers of the Project to the General Partner or Developer. The grant of such option and/or right of first refusal shall not constitute a violation of this Section 6.8, but any purchase of the Project pursuant to such option or right of first refusal without Bondowner Representative's prior consent shall constitute a violation of this Section 6.8 unless such purchase is permitted pursuant to Section 5.12 of the Deed of Trust.

(c) Without the prior written consent of Bondowner Representative, Borrower shall not assign Borrower's interest under any of the Bond Documents or Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void.

(d) Notwithstanding any other provision of this Agreement or the other Loan Documents to the contrary:

(i) Investor Limited Partner shall be permitted to remove the general partner of Borrower for cause and substitute a new general partner in its place in accordance with the terms and conditions of the Partnership Agreement; provided, however, that (A) Investor Limited Partner shall obtain the prior written consent of Bondowner Representative to such removal and substitution, which consent shall not be unreasonably withheld, provided further, however, that Bondowner Representative consent shall not be required if the Investor Limited Partner or an entity that controls, is controlled by, or is under common control with the Investor Limited Partner is the substitute general partner; (B) Investor Limited Partner shall have obtained the written consent of any Subordinate Lender, if required pursuant to its applicable Subordinate Loan Documents, to such removal and substitution and the agreement of such Subordinate Lender that its obligations shall be unaffected notwithstanding such removal and substitution; (C) the substitute general partner is admitted no later than sixty (60) days after the date of removal of the general partner or such longer period of time as to which Bondowner Representative may consent, and (D) the substitute general partner shall execute and deliver to Bondowner Representative such documents as Bondowner Representative may reasonably require in order to evidence its assumption of all of the rights and obligations of the removed general partner under all of the Loan Documents. It shall be deemed reasonable for Bondowner Representative to withhold consent to a substitute general partner if any Subordinate Lender does not give its required consent and agreement pursuant to the terms of its applicable Subordinate Loan Documents; and

(ii) Investor Limited Partner may make a Permitted Transfer of its limited partnership interests in Borrower upon satisfaction of the requirements for a "Permitted Transfer" set forth in the definition thereof in Section 1.1 hereof. Bondowner Representative acknowledges that Investor Limited Partner has granted or may grant an option and a right of first refusal with respect to transfers of its limited partnership interests in Borrower to the General Partner or Developer. The grant of such option and/or right of first refusal shall not

constitute a violation of this Section 6.8, but any transfer of such limited partnership interests pursuant to such option or right of first refusal without Bondowner Representative's prior consent shall constitute a violation of this Section 6.8 unless such transfer is permitted pursuant to Section 5.12 of the Deed of Trust.

6.9 Management of Property In accordance with the Management Agreement, the Property Manager shall provide management, leasing and operation services for the Project. Borrower shall not substitute the Property Manager or amend the Management Agreement, without the prior written consent of Bondowner Representative.

6.10 Income to be Applied to Debt Service. Prior to distributing any portion of the same to any partner of Borrower, Borrower shall apply all Gross Operating Income from the Property and the Project to the payment of (a) amounts currently payable under this Agreement and the other Loan Documents, (b) amounts currently payable under the Subordinate Loans, and (c) expenses of construction and operation of the Property (including any development fee to the extent payment of such development fee is allowed pursuant to the Disbursement Plan attached to this Agreement).

6.11 Proceeds of the Capital Contributions. With the exception of the Initial Capital Contribution which may be used by Borrower towards costs of construction of the Project or other Project Costs (including due diligence fees of Investor Limited Partner), none of the proceeds of the Capital Contributions shall be used for any purpose other than payment of (a) amounts payable under this Agreement and the other Loan Documents, (b) amounts payable under the Subordinate Loans, to the extent approved by Bondowner Representative, and (c) expenses of construction and operation of the Property (including any development fee to the extent payment of such development fee is allowed pursuant to the Disbursement Plan attached to this Agreement), unless Bondowner Representative consents in writing to such other use. Further, Borrower covenants and agrees that Borrower will comply and cause General Partner to comply with all obligations and requirements under the Partnership Documents necessary to cause the Tax Credit Investor to timely fund all Capital Contributions until all sums owing to Bondowner Representative under the Loan Documents have been paid in full.

6.12 Regulatory Agreement Compliance. Borrower shall provide to Bondowner Representative an annual certification of compliance with all applicable provisions of the Regulatory Agreement and Section 42 of the Code.

6.13 Subordinate Loans. Borrower shall deliver to Bondowner Representative copies, certified by Borrower to be true and correct, of the documents that evidence and secure the Subordinate Loans, the form and content of which shall be subject to Bondowner Representative's reasonable approval. Borrower shall at all times fully and timely comply and cause the Property and Improvements to comply with all applicable terms and conditions of the documents that evidence and secure the Subordinate Loans and shall provide Bondowner Representative with such verification of that compliance from time to time as reasonably requested by Bondowner Representative.

6.14 Americans With Disabilities Act Compliance. Borrower shall comply with all of the requirements of the ADA, as amended from time to time, which are applicable to the Project. Borrower shall be responsible for all ADA compliance costs.

6.15 ERISA Compliance. Borrower shall at all times comply with the provisions with respect to any retirement or other employee benefit plan to which it is a party as employer, and as soon as possible after Borrower knows, or has reason to know, that any “reportable event” (as defined in ERISA) with respect to any such plan of Borrower has occurred, it shall furnish to Bondowner Representative a written statement setting forth details as to such reportable event and the action, if any, which Borrower proposes to take with respect thereto, together with a copy of the notice of such reportable event furnished to the Pension Benefit Guaranty Corporation.

6.16 Leasing. Borrower shall comply at all times with all requirements of the Regulatory Agreement and other Restrictions, and all leases of all or any part of the Project shall be on a form of lease approved by Bondowner Representative prior to Borrower’s execution of any such lease. All standard lease forms and any material deviation from any form, shall be approved by Bondowner Representative prior to execution of any lease using such form.

6.17 Further Assurances. Upon Bondowner Representative’s request and at Borrower’s sole cost and expense, Borrower shall execute, acknowledge and deliver any other instruments and perform any other acts necessary, desirable or proper, as determined by Bondowner Representative, to carry out the purposes of this Agreement and the other Loan Documents and Bond Documents or to perfect and preserve any liens created by the Loan Documents; provided, however, that no such instruments or acts shall change the economic terms of the transactions described herein or expand the liability of the parties hereunder. In addition, upon any modification of any Loan Document or Bond Document, Borrower shall, at Borrower’s sole cost and expense, deliver to Bondowner Representative, in form and content reasonably satisfactory to Bondowner Representative, a written confirmation of any subordination agreement described on Exhibit B attached hereto.

6.18 Books and Records. Borrower shall maintain complete books of account and other records for the Project and for disbursement and use of the proceeds of the Bonds and Borrower’s Funds, and the same shall be available for inspection and copying by Bondowner Representative upon reasonable prior notice.

6.19 Reservation Letter; Tax Credits. Borrower shall take all action necessary to maintain the Reservation Letter in full force and effect and to obtain the Tax Credits reserved in the Reservation Letter. Borrower shall not amend, modify or terminate, or allow to lapse or expire, the Reservation Letter. Borrower shall satisfy all conditions precedent to the issuance of the Tax Credits as soon as reasonably possible and in any event prior to the date upon which the Reservation Letter (or the reservation of Tax Credits described therein) would expire or lapse. Borrower shall comply, and cause the Project to comply, with all requirements imposed by the Code or by Governmental Authorities in order to preserve the Tax Credits in the full amount provided in the Reservation Letter. Without limitation upon the foregoing, Borrower shall timely file all certifications and reports required in connection with the Tax Credits, and shall

deliver copies of such certifications and reports to the Bondowner Representative concurrently with the filing of the same.

6.20 Covenant for the Benefit of the Bondholders. Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Agreement to the Bondowner Representative as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds, and the payment of all other amounts as set forth in Article 3 of this Agreement. Borrower hereby (i) agrees to be bound by the Issuer's grant of such assignment and pledge, (ii) grants to the Bondowner Representative a security interest in any right and interest Borrower may have in sums held pursuant to the Indenture, to secure the obligations of Borrower under this Agreement and the other Loan Documents and (iii) agrees that the Bondowner Representative shall have all of the rights of a secured party under the California Uniform Commercial Code in connection with such security interest. Each of the terms and provisions of this Agreement is a covenant for the use and benefit of the Bondholders and the Bondowner Representative, so long as the Bonds shall remain Outstanding; but upon payment in full of the Bonds in accordance with Article X of the Indenture and of all fees and charges requested under Sections 3.3 and 3.4 of this Agreement, all references in this Agreement to the Bondowner Representative, the Bonds and the Bondholders shall be ineffective, and the Bondholders and the Bondowner Representative shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Agreement.

6.21 Inspection and Access.

Borrower agrees that the Issuer, the Bondowner Representative and their duly authorized agents, shall have the right to examine and inspect during normal business hours, and for that purpose to enter upon, the Property, and shall also have such right of access thereto at reasonable times and under reasonable conditions and subject to the rights of tenants in possession as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article 5 and in accordance with the applicable provisions of the other Loan Documents. In each instance, the Issuer, the Bondowner Representative and their duly authorized agents will give Borrower reasonable notice before entering the Project premises and make reasonable efforts to avoid interfering with Borrower's use of the Property when exercising any of the rights granted in this Section.

(b) Subject to the restrictions of all applicable laws, Borrower hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the Issuer and the Bondowner Representative the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment, lease or other transfer of the Property by Borrower to any other person and subject to the rights of tenants in possession at reasonable times and under reasonable conditions.

6.22 Annual Statement; Continuing Disclosure.

(a) Borrower covenants that as long as any amount owed by Borrower under this Agreement remains unpaid, at Borrower's sole cost and expense, to furnish the Bondowner Representative with annual audited operating statements and balance sheets, which shall be prepared by an independent accounting firm with respect to Borrower, and with annual unaudited financial statements for the General Partner certified by its chief financial officer. The Bondowner Representative shall have no responsibility to review such statements.

(b) Borrower covenants and agrees to take all actions required in order to comply with Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as the same may be amended from time to time, if such compliance is required at any time while amounts outstanding under this Agreement remain unpaid to effect such compliance.

6.23 INDEMNITY.

(a) TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISSUER, THE BONDOWNER REPRESENTATIVE, AND EACH OF THEIR RESPECTIVE OFFICERS, GOVERNING MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES"), AGAINST ANY AND ALL LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES, COSTS AND EXPENSES OF ANY CONCEIVABLE NATURE, KIND OR CHARACTER (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) (COLLECTIVELY, "LIABILITIES"), TO WHICH THE INDEMNIFIED PARTIES, OR ANY OF THEM, MAY BECOME SUBJECT UNDER OR ANY STATUTORY LAW (INCLUDING FEDERAL OR STATE SECURITIES LAWS) OR AT COMMON LAW OR OTHERWISE, ARISING OUT OF OR BASED UPON OR IN ANY WAY RELATING TO:

(i) THE BONDS, THE INDENTURE, THIS AGREEMENT, THE REGULATORY AGREEMENT, THE TAX CERTIFICATE, OR ANY OTHER DOCUMENT TO WHICH THE ISSUER IS A PARTY, OR THE EXECUTION OR AMENDMENT HEREOF OR THEREOF OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING THE ISSUANCE, SALE OR RESALE OF THE BONDS;

(ii) ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE PROJECT, THE OPERATION OF THE PROJECT, OR THE CONDITION, ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT OR

MANAGEMENT OF WORK DONE IN OR ABOUT, OR FROM THE PLANNING, DESIGN, ACQUISITION, INSTALLATION OR CONSTRUCTION OF, THE PROJECT OR ANY PART THEREOF;

(iii) ANY LIEN OR CHARGE UPON PAYMENTS BY BORROWER TO THE ISSUER AND THE BONDOWNER REPRESENTATIVE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE ISSUER IN RESPECT OF ANY PORTION OF THE PROJECT;

(iv) ANY VIOLATION OF ANY ENVIRONMENTAL REGULATIONS WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS SUBSTANCES FROM, THE PROJECT OR ANY PART THEREOF;

(v) THE DEFEASANCE AND/OR REDEMPTION, IN WHOLE OR IN PART, OF THE BONDS;

(vi) ANY UNTRUE STATEMENT OR MISLEADING STATEMENT OR ALLEGED UNTRUE STATEMENT OR ALLEGED MISLEADING STATEMENT OF A MATERIAL FACT CONTAINED IN ANY OFFERING STATEMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BONDS OR ANY OF THE DOCUMENTS RELATING TO THE BONDS, OR ANY OMISSION OR ALLEGED OMISSION FROM ANY OFFERING STATEMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BONDS OF ANY MATERIAL FACT NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING;

(vii) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE BONDS, OR ALLEGATIONS (OR REGULATORY INQUIRY) THAT INTEREST ON THE BONDS IS TAXABLE, FOR FEDERAL TAX PURPOSES (EXCEPT IN THE HANDS OF A SUBSTANTIAL USER); AND

(viii) THE BONDOWNER REPRESENTATIVE'S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE INDENTURE, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE BONDS TO WHICH IT IS A PARTY;

EXCEPT (A) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE BONDOWNER REPRESENTATIVE OR ANY OF ITS RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND

AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; OR (B) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE ISSUER OR ANY OF ITS OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNIFIED PARTY WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, BORROWER, UPON WRITTEN NOTICE FROM THE INDEMNIFIED PARTY, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL ACCEPTABLE TO THE INDEMNIFIED PARTY, AND SHALL ASSUME THE PAYMENT OF ALL EXPENSES RELATED THERETO, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; PROVIDED THAT THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO REVIEW AND APPROVE OR DISAPPROVE ANY SUCH COMPROMISE OR SETTLEMENT. EACH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND PARTICIPATE IN THE INVESTIGATION AND DEFENSE THEREOF, AND BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL; PROVIDED, HOWEVER, THAT SUCH INDEMNIFIED PARTY MAY ONLY EMPLOY SEPARATE COUNSEL AT THE EXPENSE OF BORROWER IF IN THE JUDGMENT OF SUCH INDEMNIFIED PARTY A CONFLICT OF INTEREST EXISTS BY REASON OF COMMON REPRESENTATION OR IF ALL PARTIES COMMONLY REPRESENTED DO NOT AGREE AS TO THE ACTION (OR INACTION) OF COUNSEL.

(b) BORROWER SHALL IMMEDIATELY PAY TO BONDOWNER REPRESENTATIVE OR THE ISSUER, AS THE CASE MAY BE, UPON DEMAND, ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. THE RIGHTS OF ANY PERSONS TO INDEMNITY HEREUNDER AND RIGHTS TO PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES HEREUNDER SHALL SURVIVE THE FINAL PAYMENT OR DEFEASANCE OF THE BONDS AND IN THE CASE OF THE BONDOWNER REPRESENTATIVE ANY RESIGNATION OR REMOVAL. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT, CANCELLATION OF THE NOTE AND RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

(c) NOTHING CONTAINED IN THIS SECTION 6.23 SHALL IN ANY WAY BE CONSTRUED TO LIMIT THE INDEMNIFICATION RIGHTS OF THE ISSUER CONTAINED IN SECTION [9] OF THE REGULATORY AGREEMENT. WITH RESPECT TO THE ISSUER, THE REGULATORY AGREEMENT SHALL CONTROL IN ANY CONFLICTS BETWEEN THIS SECTION 6.23 AND SECTION [9] OF THE REGULATORY AGREEMENT.

6.24 Keeping Guarantors and Tax Credit Investor Informed. Borrower must keep each of the Guarantors and Tax Credit Investor informed of Borrower's financial condition and business operations, the condition and all uses of the Property, including all changes in condition or use, and any and all other circumstances that might affect Borrower's ability to pay or perform its obligations under this Agreement.

6.25 Status of Borrower.

(a) Throughout the term of this Agreement, Borrower will maintain its existence as a limited partnership under the laws of the State of California in good standing and qualified to transact business in the State and will not wind up or otherwise dispose of all or substantially all of its assets.

(b) Notwithstanding the provisions of the Deed of Trust, Borrower shall not effect a merger, consolidation or transfer if the result thereof would cause the interest on the Bonds (in the hands of any person who is not a "substantial user" of the Project or a "related person") to become includable in gross income for federal income tax purposes.

(c) Upon any change in the status of Borrower, by way of substitution, sale or otherwise of Borrower, the Issuer shall be promptly informed and, if requested, Borrower as newly constituted shall deliver to the Issuer and the Bondholders an instrument in form satisfactory to each of them affirming the liability of Borrower hereunder

6.26 No Amendments; Partnership Documents. Subject to the terms of this Agreement, Borrower shall not amend, modify or terminate any of the following documents without Bondowner Representative's prior written consent and shall keep in full force and effect the following documents:

- (a) The Partnership Documents;
- (b) The Restrictions;
- (c) The Subordinate Loan Documents;
- (d) The Subsidy Contracts;
- (e) The HCD MHP Standard Agreement; and
- (f) The HCD VHHP Standard Agreement.

Notwithstanding the foregoing, General Partner shall be entitled to amend the Partnership Agreement without Bondowner Representative's prior written consent (i) to effectuate the removal and substitution of the general partner or Investor Limited Partner in accordance with and subject to the terms of Section 6.8(d) of this Agreement, or any other transfer and admission which is otherwise permitted without consent hereunder or under the Deed of Trust, (ii) to correct scrivener's errors in the Partnership Agreement, or (iii) to conform the Partnership

Agreement to the requirements of Section 42 of the Code and the regulations promulgated thereunder, the requirements of TCAC or the requirements of the welfare exemption. After any change to the Partnership Agreement, whether it requires Bondowner Representative's consent or not, Borrower shall promptly provide a revised version thereof to Bondowner Representative. Further, during the term of the Loan, General Partner shall not jeopardize in a material way the Property or the financial viability of Borrower by (i) violating its fiduciary responsibilities under the Partnership Agreement, or (ii) willfully violating any law, regulation or order applicable to Borrower, if such violations are not remedied or cured as permitted in the time frames provided under the Partnership Agreement. Borrower shall notify Bondowner Representative and upon Bondowner Representative's reasonable request, shall promptly deliver to Bondowner Representative copies of all written notices by any party under the Partnership Agreement.

Borrower shall not (i) allow or enable Borrower to issue any partnership interests or equity interests other than as set forth in the Partnership Agreement; (ii) dissolve Borrower; (iii) cause the removal or replacement of General Partner other than as expressly provided in Section 6.8(d) of this Agreement; or (iv) except as otherwise permitted under the terms of the Partnership Agreement, materially reduce the amount of the Capital Contributions or alter the time for payment or impair or alter the obligations of the Investor Limited Partner to make or fully fund Capital Contributions in the amounts required pursuant to this Agreement; provided, however, that this Section 6.26 shall not prevent Borrower from accepting any Capital Contributions under the Partnership Agreement, and the Partnership Documents shall remain in full force and effect until all sums owing with respect to the Loan have been paid.

6.27 Negative Covenants. Without Bondowner Representative's prior written consent, Borrower may not:

- (a) engage in any business activities substantially different from Borrower's present business;
- (b) liquidate or dissolve Borrower's business;
- (c) lease (other than to tenants at the Project) or dispose of all or a substantial part of Borrower's business or Borrower's assets; or
- (d) enter into any consolidation, merger, pool, joint venture, syndicate or other combination, except as permitted hereunder or by Section 5.12 of the Deed of Trust.

6.28 Tax Status of Bonds. Borrower hereby covenants, represents and agrees as follows: (a) that Borrower will not take or permit any action to be taken that would adversely affect either the exclusion from gross income for federal income tax purposes of the interest on the Bonds and, if it should take or permit any such action, Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and (b) that Borrower will take such action or actions, including amending the Loan and this Agreement, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code.

Borrower further covenants and agrees that it will direct all investments in compliance with the Code. Borrower covenants and agrees to cause to be calculated by an arbitrage consultant and pay to the Bondowner Representative any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate.

6.29 Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

6.30 Loss of Tax Exclusion. Borrower understands that the interest rates provided under the Note and this Agreement have been established on the assumption that interest paid on the Bonds will be excludable from the Bondholders' gross income under Section 103 of the Code and applicable State law. In the event that (i) Borrower receives notice from Bondowner Representative that Bondowner Representative has discovered any facts or circumstances that Bond Counsel determines would cause interest paid on the Bonds not to be tax-exempt; or (ii) any Bondholder receives a final determination from the Internal Revenue Service or other Governmental Authority that interest payable on the Bonds is not tax-exempt, then the Effective Rate on the Note shall be increased to the Default Rate. In the event of an increase in the Effective Rate under this Section 6.30, Borrower shall pay to the Bondholders promptly upon demand an amount sufficient to adjust previous payments of interest to the increased rate for any and all periods during which the Bonds are deemed to have not been tax-exempt. BORROWER SHALL ALSO INDEMNIFY, DEFEND AND HOLD ISSUER AND BONDOWNER REPRESENTATIVE HARMLESS FROM ANY PENALTIES, INTEREST EXPENSE OR OTHER COSTS, INCLUDING REASONABLE ATTORNEYS' FEES (INCLUDING ALL CHARGES OF ISSUER'S AND BONDOWNER REPRESENTATIVE'S INTERNAL AND TAX COUNSEL) AND ACCOUNTANTS' COSTS, RESULTING FROM ANY DISPUTE WITH THE INTERNAL REVENUE SERVICE CONCERNING THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE BONDS AND THE INTEREST PAYABLE TO ANY BONDHOLDER ON THE BONDS, AND UPON RECEIPT BY BONDOWNER REPRESENTATIVE OF THE AMOUNTS SET FORTH IN THE FOREGOING INDEMNITY, BONDOWNER REPRESENTATIVE SHALL ASSIGN TO BORROWER ANY CLAIMS IT MAY HAVE AGAINST THIRD PARTIES FOR NEGLIGENT ACTS OR OMISSIONS IN CONNECTION WITH THE FAILURE OF INTEREST ON THE BONDS TO BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE ISSUER SHALL HAVE THE RIGHT TO ENTER INTO CLOSING AGREEMENTS WITH THE INTERNAL REVENUE SERVICE IN THE ISSUER'S SOLE DISCRETION, AND ANY LIABILITY ARISING UNDER SUCH CLOSING AGREEMENTS SHALL BE PAID BY BORROWER. THE OBLIGATIONS OF BORROWER UNDER THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS AGREEMENT AND REPAYMENT OF THE LOAN.

6.31 Taxes, Regulatory Costs and Reserve Percentages. Upon Bondowner Representative's demand, Borrower shall pay to Bondowner Representative, in addition to all other amounts which may be, or become, due and payable under this Agreement and the other Loan Documents, any and all Taxes and Regulatory Costs, to the extent they are not internalized by calculation of an Effective Rate. Further, at Bondowner Representative's option, the Effective Rate shall be automatically adjusted by adjusting the Reserve Percentage, as

determined by Bondowner Representative in its prudent banking judgment, from the date of imposition (or subsequent date selected by Bondowner Representative) of any such Regulatory Costs. Bondowner Representative shall give Borrower notice of any Taxes and Regulatory Costs as soon as practicable after their occurrence, but Borrower shall be liable for any Taxes and Regulatory Costs regardless of whether or when notice is so given.

6.32 Amendment of Regulatory Agreement. Borrower shall not suffer or permit to become effective any restrictions (including, without limitation, any “automatic” amendment of the Regulatory Agreement pursuant to its terms) which imposes requirements with respect to the occupancy, leasing or operation of the Project which are materially more burdensome than those contained in the Regulatory Agreement as of the date of this Agreement, without first obtaining the consent of Bondowner Representative to the imposition of such restriction, which consent shall not be unreasonably withheld in connection with an “automatic” amendment of the Regulatory Agreement pursuant to its terms.

6.33 Tax Covenants. Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in the manner which will cause the Bonds to be “arbitrage bonds” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Bonds;

(b) Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) Borrower will pay to the United States any amount required to be paid by the Issuer or Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the maturity date of the Bonds or (ii) the date on which no Bonds remain outstanding;

(d) not less than ninety-five percent (95%) of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section), neither Borrower nor any related person will purchase Bonds in an amount related to the amount of the Loan;

(f) no changes will be made to the Project, no actions will be taken by Borrower, and Borrower will not omit to take any actions, which will in any way adversely affect the tax exempt status of the interest on the Bonds;

(g) if Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Bonds becoming includable in gross income for federal income tax purposes, Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and the Bondowner Representative;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least ninety-five percent (95%) of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than twenty five percent (25%) of the net proceeds of the Bonds will have been disbursed to pay or to reimburse Borrower for the cost of acquiring land, (iii) not more than two percent (2%) of the proceeds of the Bonds will have been used for Costs of Issuance (as defined in the Regulatory Agreement), and (iv) none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) Borrower will cause all of the residential units in the Project (with the exception of one manager's unit(s)) to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code, the Regulatory Agreement and the other Restrictions;

(j) all leases for the Project will comply with all applicable laws and the Regulatory Agreement;

(k) in connection with any lease or grant by Borrower of the use of the Project, Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Agreement, the Regulatory Agreement or the other Restrictions;

(l) no portion of the proceeds of the portion of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project;

(m) no proceeds of the Bonds will be used, for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this

limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in the Code) with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Bonds; and

(n) prior to the issuance of the Bonds, the California Debt Limit Allocation Committee shall have transferred a portion of the State of California's private activity bond allocation (within the meaning of Section 146 of the Code) at least equal to the original principal amount of the Bonds.

6.34 Regulatory Agreements. Borrower shall comply with all terms and provisions of the Regulatory Agreement and the other Restrictions and shall not amend any of these agreements without the prior written consent of Bondowner Representative.

6.35 Swap Agreements. If Borrower enters into any Swap Agreement with Bondowner Representative, Borrower shall, upon receipt from Lender, execute promptly all documents evidencing such transaction.

6.36 Subsidy Payments. Borrower will timely perform all obligations of Borrower with respect to the Subsidy Contracts, and shall take all actions necessary to maintain the Subsidy Contracts in full force and effect and to prevent the termination or reduction of the Subsidy Payments to the Project provided thereunder.

ARTICLE 7 INSURANCE

Borrower shall, while any obligation of Borrower or Guarantor under any Loan Document remains outstanding, maintain at Borrower's sole expense, with licensed insurers approved by Bondowner Representative, the following policies of insurance in form and substance satisfactory and with deductible amounts satisfactory to Bondowner Representative:

7.1 Title Insurance. Delivery of the Title Policy is required pursuant to Section 4.1(j). During the term of the Loan, Borrower shall deliver to Bondowner Representative, within five (5) days of Bondowner Representative's written request, such endorsements to the Title Policy as Bondowner Representative may reasonably require. Without limiting the foregoing, upon request of Bondowner Representative after completion of the Improvements, Borrower shall provide a valid Notice of Completion evidencing that the Improvements are 100% complete, and shall cause the Title Company to issue to Bondowner Representative, at Bondowner Representative's option, lien free endorsements to the Title Policy in form and content satisfactory to Bondowner Representative and/or LP-10 Re-Writes to the Title Policy in form and content satisfactory to Bondowner Representative.

7.2 Property Insurance. During the course of construction of the Project, a builder's risk completed value hazard insurance policy in the full replacement cost of the improvements, including, without limitation, such endorsements as Bondowner Representative may require, insuring Bondowner Representative against damage to the Property and Project in an amount accepted to Bondowner Representative. With respect to all completed improvements, a policy of "all risk" comprehensive fire and casualty insurance in the full replacement cost of the improvements, with agreed value and such other endorsements as Bondowner Representative may require, including, without limitation, insurance against acts of terrorism, and policy of rental interruption insurance covering a period of not less than twelve (12) months. Policies required pursuant to this Section 7.2 shall insure against loss from such risks, losses or hazards as Bondowner Representative may from time to time require, including riot, civil commotion, vandalism, malicious mischief, earthquake and earth movement.

7.3 Flood Hazard Insurance. A policy of flood insurance, as required by applicable governmental regulations, or as deemed necessary by Bondowner Representative.

7.4 Liability Insurance. A policy of comprehensive general liability insurance with limits as required by Bondowner Representative, insuring against liability for injury and/or death to any person and/or damage to any property occurring on the Property and/or in the Project from any cause whatsoever naming Bondowner Representative as an additional insured party.

7.5 Other Coverage. Borrower shall provide to Bondowner Representative evidence of such other reasonable insurance in such reasonable amounts as Bondowner Representative may from time to time request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located. Such coverage requirements may include but are not limited to coverage for earthquake, business income, delayed business income, rental loss, sink hole, soft costs, tenant improvements or environmental.

7.6 General. Borrower shall provide to Bondowner Representative insurance certificates or other evidence of coverage in form acceptable to Bondowner Representative, with coverage amounts, deductibles, limits and retentions as required by Bondowner Representative. All insurance policies shall provide that coverage shall not be cancelable or materially changed without 10 days prior written notice to Bondowner Representative of any cancellation for nonpayment of premiums, and not less than 30 days prior written notice to Bondowner Representative of any other cancellation or any modification (including a reduction in coverage). Bondowner Representative shall be named under a Lender's Loss Payable Endorsement (form #438BFU or equivalent) on all insurance policies which Borrower actually maintains with respect to the Property and Improvements. All insurance policies shall be issued and maintained by insurers approved to do business in the State of California and must have A.M. Best Company financial rating and policyholder surplus acceptable to Bondowner Representative.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES OF ISSUER AND BORROWER

8.1 Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties:

(a) The Issuer is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, and is authorized to issue the Bonds to finance a portion of the cost of the Project pursuant to the Act.

(b) The Issuer has lawful power and authority under the Act to enter into this Agreement and the Indenture and to carry out its obligations hereunder and under the Indenture. To the Issuer's knowledge, the execution, delivery and performance of the Bond Documents by the Issuer will not violate any material provision of any law, regulation, order or decree of any Governmental Authority and all consents, approvals, authorizations, orders or filings of or with any State court or governmental agency or body, if any, required for the execution, delivery and performance of such documents by the Issuer have been obtained or made. All requirements have been met and procedures have occurred in order to ensure the enforceability against the Issuer of the Bond Documents. The Issuer has taken all necessary action and has complied with all provisions of the Act required to make the Bond Documents the valid and binding obligations of the Issuer.

(c) To the Issuer's knowledge, the Issuer has not received notice of any pending or threatened action, suit or proceeding, arbitration or governmental investigation against the Issuer, an adverse outcome of which would materially affect the Issuer's performance under the Bond Documents.

(d) To the Issuer's knowledge, the execution, delivery and performance of the Bond Documents by the Issuer will not cause or constitute a material default under or materially conflict with its organizational documents or other agreements to which it is a party or otherwise materially adversely affect performance of the duties of the Issuer under such organizational documents or other agreements.

8.2 Representations and Warranties of Borrower. Borrower makes the following representations and warranties:

(a) Authority/Enforceability/Execution. Borrower is a California limited partnership in good standing under the laws of the State of California. Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and powers to own and develop the Project as contemplated by the Loan Documents. The Borrower has full legal right, power and authority to enter into this Agreement, the other Loan Documents and the Bond Documents, and to carry out and consummate all transactions contemplated hereunder and under the other Loan Documents and Bond Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Loan Documents and Bond Documents. This Agreement, the other Loan Documents

and the Bond Documents have been duly authorized, executed and delivered by the Borrower. The officers of the Borrower executing the Bond Documents and the Loan Documents are duly and properly in office and fully authorized to execute the same.

(b) Binding Obligations. The Bond Documents and the Loan Documents will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms.

(c) Formation and Organizational Documents. Borrower has delivered to Bondowner Representative all formation and organizational documents of Borrower, of the partners, joint venturers or members of Borrower, if any, and all of the Guarantors of the Loan, if any, and all such formation and organizational documents remain in full force and effect and have not been amended or modified since they were delivered to Bondowner Representative. Borrower shall immediately provide Bondowner Representative with copies of any amendments or modifications of the formation or organizational documents.

(d) No Violation. The execution and delivery of the Bond Documents and the Loan Documents, the consummation of the transactions therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement or other governing documents of Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or the terms of any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower. No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Bond Documents and the Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(e) Compliance With Laws. Borrower has, and at all times shall have obtained, all permits, licenses, exemptions, and approvals necessary to construct, occupy, operate and lease the Project, and shall maintain compliance with all governmental requirements applicable to the Project and all other applicable statutes, laws, regulations and ordinances necessary for the transaction of its business.

(f) Litigation. There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of Borrower, after reasonable investigation, threatened, against or affecting Borrower or the financial condition, assets, properties or

operations of Borrower, and Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default would affect the consummation of the transactions contemplated by the Bond Documents and the Loan Documents, or the financial condition, assets, properties or operations of Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by Borrower in good faith in accordance with the requirements of this Agreement, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(g) Financial Condition. All financial statements and information heretofore delivered to Bondowner Representative by Borrower, including, without limitation, information relating to the financial condition of Borrower, the Project, the partners, joint venturers or members of Borrower, and/or any Guarantor, fairly and accurately represent the financial condition of the subject thereof and have been prepared (except as noted therein) in accordance with generally accepted accounting principles consistently applied. Notwithstanding the use of generally accepted accounting principles, the calculation of liabilities shall NOT include any fair value adjustments to the carrying value of liabilities to record such liabilities at fair value pursuant to electing the fair value option election under FASB ASC 825-10-25 (formerly known as FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*) or other FASB standards allowing entities to elect fair value option for financial liabilities. Therefore, the amount of liabilities shall be the historical cost basis, which generally is the contractual amount owed adjusted for amortization or accretion of any premium or discount. Borrower acknowledges and agrees that Bondowner Representative may request and obtain additional information from third parties regarding any of the above, including, without limitation, credit reports.

(h) No Material Adverse Change. There has been no material adverse change in the financial condition of Borrower and/or any of the Guarantor or the General Partner since the dates of the latest financial statements furnished to Bondowner Representative and, except as otherwise disclosed to Bondowner Representative in writing, Borrower has not entered into any material transaction which is not disclosed in such financial statements. No written information, exhibit or report furnished to the Issuer or Bondowner Representative by Borrower in connection with the negotiation of the Bond Documents and the Loan Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Proceeds of the Bonds and Adequacy. The aggregate proceeds of the Loan and the Subordinate Loans, together with the Capital Contributions of Investor

Limited Partner in the amounts specified in the Partnership Agreement, are sufficient to construct the Project in accordance with the terms and conditions of this Agreement and the other Loan Documents.

(j) Accuracy. All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or security for the Loan or required by the Loan Documents are accurate, correct and complete and give Bondowner Representative true, accurate and complete knowledge of their subject matter and do not contain any material misrepresentation or omission.

(k) Tax Liability. Borrower has filed all required federal, state, county and municipal tax returns and has paid all taxes and assessments owed and payable, and Borrower has no knowledge of any basis for any additional payment with respect to any such taxes and assessments.

(l) Utilities. All utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.

(m) Compliance. Borrower is familiar with and in compliance with all governmental requirements for the development of the Property and will conform to and comply with all governmental requirements and the Plans and Specifications.

(n) Americans With Disabilities Act Compliance. To the extent required by applicable law, the Project has been designed and shall be constructed and completed, and thereafter maintained, in strict accordance and full compliance with all of the requirements of the ADA, as amended from time to time.

(o) Tax Credits. Pursuant to the Tax Exempt Reservation Letter ("Reservation Letter") dated _____, Borrower has received a reservation for the Project from TCAC for Federal Tax Credits in the amount of \$_____.00 annually for each of ten (10) years. Borrower shall completely and in a timely manner perform all actions and meet all requirements to maintain and perfect the reservation and Tax Credit allocation, including: (a) timely furnishing to TCAC all of the items required to be furnished to it in order to prevent the expiration of the reservation; and (b) placing the Project in service within the time period prescribed by the Code. If Bondowner Representative determines, in its sole and absolute discretion, that Borrower will not meet the TCAC requirement to place the project "in service" as set forth in the Reservation Letter, Borrower hereby agrees to reapply for the next available allocation of Tax Credits within all time limits and requirements as established by TCAC. Failure to do so is a Default pursuant to Article 15 of this Agreement.

(p) Bond-Related Representations.

(i) In addition to the Bonds, no other obligations have been or are expected to be issued under Section 103 of the Code for sale at substantially the same time as the Bonds are sold pursuant to a common plan of marketing and at substantially the same rate of interest as the Bonds and which are payable in whole or part by Borrower or otherwise have with the Bonds any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same “issue of obligations” as the Bonds as described in Revenue Ruling No. 81-216.

(ii) Borrower is not in the trade or business of selling properties such as the Project and has acquired the Project for investment purposes only or otherwise for use by Borrower in its trade or business, and therefore Borrower has no present intention to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project in the foreseeable future except in connection with the purchase option granted to General Partner in accordance with the Partnership Agreement.

(iii) Borrower has reviewed and approved the provisions of the Indenture.

(iv) To the best of Borrower’s knowledge, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in Borrower, the Project or the transactions contemplated hereby.

(v) The covenants, representations and warranties of Borrower in the Regulatory Agreement are true and correct as of the date hereof and are incorporated herein by reference and made a part of this Agreement.

(vi) Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay or defraud any creditor and Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Deed of Trust and the Regulatory Agreement.

(vii) Borrower has no known material contingent liabilities.

(viii) Borrower has no material financial obligation under any financing agreement, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Project are otherwise bound, other than (a) obligations under this Agreement and the other Loan Documents to which Borrower is a party; (b) the Subordinate Loans; and (c) obligations which may be incurred by Borrower from time to time in the ordinary course of business.

(ix) Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full, except for (a) the Subordinate Loans and (b) equipment financing relating to laundry facilities on the Property.

(x) Borrower is not (a) an “investment company” or a company “controlled by an investment company” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money other than Article 15 of the California State Constitution.

(xi) Except as disclosed in the Title Policy, there are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements affecting the Project, nor, to the knowledge of Borrower, are there any contemplated improvements to the Property that may result in such special or other assessments.

(xii) No statement of fact made by Borrower herein or in the Loan Documents to which Borrower is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made by Borrower herein or therein not misleading. There is no fact presently known to Borrower which has not been disclosed which adversely affects or, to the best of Borrower’s knowledge, would adversely affect the business, operations or conditions (financial or otherwise) of Borrower.

(xiii) All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or required by the Loan Documents are (or, in the case of materials prepared by persons other than Borrower or its partners or Tax Credit Investor, are to the best of Borrower’s knowledge) accurate, correct and sufficiently complete to give Bondowner Representative true and accurate knowledge of their subject matter.

(xiv) Borrower owns directly, and not through any affiliated entity, all of the personal property and fixtures necessary for the operation of the Property for the uses presently being conducted thereon.

(xv) Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Code.

(xvi) Before any Guarantor became obligated in connection with the Loan, Borrower made full disclosure to such Guarantor and Tax Credit Investor regarding Borrower’s financial condition and business operations, the present and former condition, uses and ownership of the Property and all other circumstances bearing upon Borrower’s ability to pay and perform its obligations under the Loan Documents.

(q) Tax Shelter Regulations. Neither Borrower, any guarantor, any non-borrower trustor, nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a “reportable transaction” (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify the Bondowner Representative thereof. If Borrower so notifies the Bondowner Representative, Borrower acknowledges that Bondowner Representative may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Bondowner Representative will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

(r) Commencement of Construction. As of the Effective Date, construction of the Project on the Property has not commenced and materials to be used in the construction of the Project have not been delivered to or stored on the Property.

8.3 Representations and Warranties of Borrower Related to Certain Tax Matters. Borrower further represents and warrants that:

(a) as of the Closing Date, Borrower is in compliance with all requirements of the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to Borrower and the Project are true and accurate;

(b) the Bonds are not “federally guaranteed” as defined in Section 149(b) of the Code;

(c) in accordance with Section 147(b) of the Code, the weighted average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the proceeds of the Bonds, determined as of the later of the date the Bonds are issued or the date the facilities are expected to be placed in service;

(d) neither Borrower nor, to the best knowledge of Borrower, any “related person” to Borrower (within the meaning of Section 147(a)(2) of the Code), will purchase Bonds pursuant to any arrangement, formal or informal;

(e) the information furnished by Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds;

(f) the construction and equipping of the Project were not commenced prior to the sixtieth (60th) day preceding the adoption of the resolution of the Issuer with respect to the Project on _____, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the construction or equipping of the Project was paid or incurred prior to sixty (60) days prior to such date;

(g) the Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable on the Closing Date and the representations and warranties of Borrower in the Regulatory Agreement are true and correct;

(h) Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws; and

(i) no money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, will be used by or under the direction of Borrower in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

8.4 Tax Exemption; Regulatory Agreement. Borrower hereby covenants, represents and agrees as follows:

(a) not to take or omit to take any action with respect to this Agreement or the Project (solely with respect to Borrower) that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds (so long as the Bonds are not owned by a person or entity which is a “substantial user” of the Property);

(b) to take such action or actions, including amendment of the Regulatory Agreement, as may be necessary in the opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(c) to file of record such documents and take such other steps as are necessary in order to insure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the real property records of the County;

(d) to include the requirements and restrictions contained in the Regulatory Agreement in any deed or other document transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee so to abide; and

(e) to provide to the Issuer notice of any action (other than actions in its ordinary course of business) which impacts the Issuer’s rights hereunder or under the Regulatory Agreement.

8.5 Representations of Borrower as Single Purpose Entity.

(a) Borrower covenants and agrees that it shall not:

(i) (1) except for the Subordinate Loans, incur, create or assume any indebtedness for borrowed money except indebtedness represented by an invoice, statement of account, check, work request, purchase order or other similar document representing expenses relating to activities of Borrower undertaken in accordance with its formation documents or (2) transfer or lease the Project or any interest therein, except as permitted under Section 6.8 hereof;

(ii) engage, directly or indirectly, in any business other than that arising out of or entering into this Agreement and the other Loan Documents to which Borrower is a party and the ownership, management, leasing, construction, development, operation and maintenance of the Project;

(iii) commingle its assets with the assets of any other entity;

(iv) partition the Property except as expressly permitted under the Deed of Trust; or

(v) voluntarily file or consent to the filing of a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, without the unanimous consent of its partners.

Borrower represents and warrants that as the date hereof it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

Further, Borrower covenants that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger or asset sale; will not modify its Partnership Documents without the prior written consent of Bondowner Representative except in accordance with Section 6.26 hereof (it being understood that Bondowner Representative's consent may be granted or withheld as to transfers of partnership interests in a manner consistent with Section 5.12 of the Deed of Trust and Sections 6.8 and 6.26 hereof, may be withheld as to any amendment which reduces the obligations of the partners to contribute funds to Borrower below amounts necessary to maintain the Financial Requirements Analysis "in balance", and shall not otherwise be unreasonably withheld); will pay all expenses of the Project from assets of Borrower; will maintain separate books and records and bank accounts; will at all times hold itself out to the public as a separate and distinct legal entity (including in its leasing activities, in entering into any contract and in preparing its financial statements); will file its own tax returns; and will cause its management to meet regularly to carry on its business.

(b) Borrower shall do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State and its right to own property or transact business in the State. Borrower further represents and warrants that it is, and, so long as any portion of the Loan shall remain unpaid, shall do

all things necessary to continue to be, an entity which is formed or organized solely for the purpose of holding, directly, an ownership interest in the Project, does not engage in any business unrelated to such properties and the financing thereof, does not have any assets other than those related to its interest in the properties or the financing thereof or any indebtedness other than as permitted by the Deed of Trust or the other Loan Documents, has its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other entity and will maintain the same as official records, holds itself out as being an entity, separate and apart from any other entity and will conduct its business in its own name.

(c) Borrower will not fail to correct any known misunderstanding regarding the separate identity of Borrower.

(d) Borrower will not assume or guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of any other entity; will allocate fairly and reasonably any overhead for shared office space; will not pledge its assets for the benefit of any other person or entity; will not make loans to any person or entity; will not enter into or be a party to any transaction with its partners or affiliates except (a) pursuant to its Partnership Documents as they exist as of the date of this Agreement or (b) in the ordinary course of business and on terms which are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party.

Any firm, corporation or partnership which can make the representations and warranties and satisfy the covenants set forth in this Section 8.5 shall constitute a "Single Purpose Entity".

ARTICLE 9 HAZARDOUS MATERIALS

9.1 Special Representations and Warranties. Without in any way limiting the other representations and warranties set forth in this Agreement, and after reasonable investigation and inquiry, Borrower hereby specially represents and warrants to the best of Borrower's knowledge as of the date of this Agreement as follows:

(a) Hazardous Materials. Except as previously disclosed to Bondowner Representative in the Environmental Reports, the Property and Project are not and have not been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under the Hazardous Materials Laws, as described below, and/or other applicable environmental laws, ordinances and regulations (collectively, the "Hazardous Materials"). "Hazardous Materials" shall not include materials used in the ordinary course of construction and/or operation of the Property and Project which are used and stored in accordance with all applicable environmental laws, ordinances and regulations.

(b) Hazardous Materials Laws. The Property and Project are in compliance with all laws, ordinances and regulations relating to Hazardous Materials (“Hazardous Materials Laws”), 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 6901 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.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

(c) Hazardous Materials Claims. There are no claims or actions (“Hazardous Materials Claims”) pending or threatened against Borrower, the Property or Project by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws.

9.2 Hazardous Materials Covenants. Borrower agrees as follows:

(a) No Hazardous Activities. Borrower shall not cause or permit the Project to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(b) Compliance. Borrower shall comply and cause the Project to comply with all Hazardous Materials Laws.

(c) Notices. Borrower shall immediately notify Bondowner Representative in writing of: (i) the discovery of any Hazardous Materials on, under or about the Project; (ii) any knowledge by Borrower that the Project do not comply with any Hazardous Materials Laws; and (iii) any Hazardous Materials Claims.

(d) Remedial Action. In response to the presence of any Hazardous Materials on, under or about the Project, Borrower shall immediately take, at Borrower’s sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims.

9.3 Inspection By Bondowner Representative. Upon reasonable prior notice to Borrower, Bondowner Representative, its employees and agents, may from time to time (whether before or after the commencement of a nonjudicial or judicial foreclosure proceeding) enter and inspect the Project for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of an hazardous substance into, onto, beneath or from the Project.

9.4 HAZARDOUS MATERIALS INDEMNITY. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES) WHICH ISSUER AND BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF THE USE, GENERATION, MANUFACTURE, STORAGE, DISPOSAL, THREATENED DISPOSAL, TRANSPORTATION OR PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR ABOUT THE PROJECT. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE THE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

9.5 Legal Effect of Section. Borrower and Bondowner Representative agree that: (a) this Article is intended as Bondowner Representative's written request for information (and Borrower's response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure § 726.5; and (b) each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Bondowner Representative and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify Bondowner Representative hereunder shall survive: (i) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of the Deed of Trust; and (iii) the satisfaction of all of Borrower's obligations under the Loan Documents.

ARTICLE 10 SET ASIDE LETTERS

10.1 Set Aside Letters. Bondowner Representative shall have no obligation to issue any letter or letters ("Set Aside Letter") to any governmental agency or bonding company whereby Bondowner Representative agrees to allocate proceeds of the Bonds under the Loan Documents for the construction of off-site, common area, or other improvements required by any governmental agency or for which bonds may be required in connection with the development of the Property. If Bondowner Representative agrees, in its sole discretion, to issue a Set Aside Letter, Bondowner Representative may condition the issuance of such Set Aside Letter upon payment of such fee and delivery of such indemnification as Bondowner Representative shall require.

ARTICLE 11
REPORTING COVENANTS

11.1 Financial Information. Borrower shall deliver to Bondowner Representative, as soon as available, but in no event later than one hundred twenty (120) days after Borrower's fiscal year end, a current financial statement (including, without limitation, an audited income and expense statement and balance sheet) signed by authorized representative of Borrower together with any other financial information including, without limitation, annual financial statements, cash flow projections and operating statements requested by Bondowner Representative for the following persons and entities: Borrower, General Partner and Guarantor. Upon Bondowner Representative's request, Borrower shall also promptly deliver to Bondowner Representative such quarterly and other financial information regarding any persons or entities in any way obligated on the Loan as Bondowner Representative may specify. Except as otherwise agreed to by Bondowner Representative, all such financial information shall be prepared in accordance with generally accepted accounting principles consistently applied. After completion of construction of the Project, Borrower shall also deliver to Bondowner Representative a rent roll for the Project, in form and level of detail reasonably acceptable to Bondowner Representative.

11.2 Books and Records. Borrower shall maintain complete books of account and other records for the Project and for disbursement and use of the proceeds of the Bonds and Borrower's Funds, and the same shall be available for inspection and copying by Bondowner Representative upon reasonable prior notice.

11.3 Reports. Within of Bondowner Representative's request, Borrower shall deliver to Bondowner Representative monthly inventory reports, marketing and sales schedules and reports, marketing and sales information and/or leasing information, with respect to all real property projects of Borrower and all general partners, venturers and members of Borrower, all in form and substance acceptable to Bondowner Representative.

11.4 Leasing Reports. Borrower shall deliver to Bondowner Representative quarterly rent rolls, leasing schedules and reports, operating statements and/or such other leasing information as Bondowner Representative shall request with respect to the Property and Improvements, each in form and substance satisfactory to Bondowner Representative.

11.5 Operating Statements For Property and Project. After completion of construction of the Project and until the Construction Loan Maturity Date, Borrower shall deliver to Bondowner Representative on the twenty-fifth (25th) day of each month an "Operating Statement" which shows in detail the amounts and sources of Gross Operating Income received by or on behalf of Borrower and the amounts and purposes of Permitted Operating Expenses paid by or on behalf of Borrower with respect to the Property and Project for the previous month.

(a) "Gross Operating Income" for this purpose shall mean the sum of any and all amounts, payments, fees, rentals, additional rentals, expense reimbursements (including, without limitation, all reimbursements by tenants, lessees, licensees and other users of the Project) discounts or credits to Borrower, income, interest and other monies directly or indirectly received by or on behalf of or credited to Borrower from any person with respect to Borrower's ownership, use, development, operations, leasing,

franchising, marketing or licensing of the Project. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month.

(b) “Permitted Operating Expenses” shall mean the following expenses to the extent that such expenses are reasonable in amount and customary for properties of this type: (i) taxes and assessments imposed upon the Project to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower; (ii) bond assessments; (iii) insurance premiums for casualty insurance (including, without limitation, earthquake, if applicable law requires the Project to be insured by earthquake insurance) and liability insurance carried in connection with the Project, provided, however, if any, insurance is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Project; (iv) operating expenses incurred by Borrower for the management, operation, cleaning, leasing, maintenance and repair of the Project; and (v) reserves for replacement, operations or other purposes required by any lender, investor, funder or regulator of the Project. Permitted Operating Expenses shall not include any interest or principal payments on the Loan or any allowance for depreciation.

ARTICLE 12 LEASES

12.1 Use of the Project; Leases.

(a) Borrower shall operate the Project in accordance with the requirements of the Regulatory Agreement and all other Restrictions recorded against the Property and consented to by Bondowner Representative in writing.

(b) Borrower shall lease units within the Project only pursuant to a form of lease which has been approved by Bondowner Representative.

ARTICLE 13 DAMAGE, DESTRUCTION AND CONDEMNATION

13.1 Damage and Destruction. If the Bonds are Outstanding when the Project is damaged or destroyed by fire or other casualty, Borrower shall restore the Project if the conditions contained in Section 5.6 of the Deed of Trust are satisfied; otherwise, Borrower shall use any proceeds received in respect of such casualty to prepay the Loan in whole or in part.

13.2 Condemnation. If the Bonds are outstanding when the Project or any part thereof is taken by condemnation or eminent domain or by grant of the Property in lieu thereof (“Condemnation”), Borrower shall restore the Project if the conditions contained in Section 5.6 of the Deed of Trust are satisfied; otherwise Borrower shall use any proceeds received in respect of such Condemnation to prepay the Loan in whole or in part or take such other action, as is required or permitted by the Deed of Trust and the other Loan Documents.

13.3 Parties To Give Notice. In the case of material damage to or destruction of all or any part of the Project, Borrower shall give prompt notice thereof to the Issuer and the Bondowner Representative in the manner prescribed by Section 16.4. In the case of a taking or proposed taking of all or any part of the Project by Condemnation, the party hereto upon which notice of such taking or proposed taking is served shall give prompt notice thereof to the Issuer and the Bondowner Representative in the manner prescribed by Section 16.4. Any such notice shall describe generally the nature and extent of such damage, destruction, taking or proposed taking.

13.4 Conditions to Disbursement of Proceeds. If all of the conditions contained in Section 5.6 of the Deed of Trust are satisfied, proceeds held by Bondowner Representative and funds in Borrower's Funds Account shall be disbursed, subject to the consent of Bondowner Representative, in the same manner and subject to the same conditions (subject to adjustment to reflect the different nature of construction) as applied with respect to the initial disbursement of the Loan.

ARTICLE 14 TERMINATION

14.1 Termination of Agreement; Required Prepayment.

(a) Except during the continuance of a Default, Borrower shall have the option of terminating this Agreement if (i) the Bonds have been paid in full or if provision is otherwise made for payment of the Bonds in such manner that the Indenture will be discharged under Article 10.5 thereof on or before the date of termination, (ii) such prepayment and termination is allowed by the Deed of Trust, (iii) Borrower provides the Bondowner Representative and the Issuer with an opinion of Bond Counsel to the effect that all such conditions have been satisfied; and provided that this Agreement may not be terminated unless and until (x) all of Borrower's obligations under the Loan Documents have been satisfied and (y) all of Borrower's obligations with respect to the Issuer's fees and any rebate obligation have been satisfied and Borrower has so certified to the Issuer and the Bondowner Representative. All obligations of Borrower under Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30 shall survive termination of this Agreement.

(b) Notwithstanding the foregoing, Borrower may not terminate this Agreement unless and until the Bondowner Representative has on deposit an amount equal to the sum of the following:

(i) Funds on deposit in any fund established under the Indenture and available for that purpose which are sufficient to discharge the Indenture in accordance with Article X thereof; plus

(ii) to the extent not paid under subsection (a) above, an amount equal to the Bondowner Representative's and Issuer's fees and expenses under the Indenture and any other amounts due under Sections 6.23, 6.30, 9.4, 15.5 and 16.30 hereof, accrued and to accrue until the Bonds are fully paid and

redeemed and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by the Bondowner Representative under the Indenture and by the Issuer and the Bondowner Representative under this Agreement and/or the other Loan Documents.

(c) On the termination date, a closing shall be held at any office mutually agreed upon among the Issuer, Borrower and the Bondowner Representative (which closing may be conducted by first-class mail or recognized overnight delivery service). At the closing the Issuer and the Bondowner Representative shall, upon acknowledgment of receipt of the sum set forth in subsection (2) above, execute and deliver to Borrower such release and other instruments as Borrower reasonably determines is necessary to terminate this Agreement. All further obligations of Borrower hereunder (except as specifically provided in Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30) shall thereupon terminate, provided, however, that Borrower shall also remain obligated to pay or reimburse the Issuer and the Bondowner Representative for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with subsection (b)(ii) above and reasonably incurred before or subsequent to such closing in connection with the Bonds.

ARTICLE 15 DEFAULT AND REMEDIES

15.1 Default. The occurrence of any one or more of the following shall constitute an event of default (hereinafter, "Default") under this Agreement and the other Loan Documents:

(a) Monetary. Borrower's failure to pay when due any sums payable under the Note or any of the other Loan Documents or Borrower's failure to deposit any Borrower's Funds as and when required under this Agreement; or

(b) Performance of Obligations. Borrower's failure to perform, keep or observe any term, provisions, conditions, covenant or agreement contained in this Agreement, any other Loan Document, or any other present or future agreement between Borrower and Bondowner Representative and/or evidencing and/or securing the Loan after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; provided, however, that if a cure period is provided for the remedy of such failure, Borrower's failure to perform will not constitute a Default until such date as the specified cure period expires; or

(c) Construction; Use. (i) There is any material deviation in the work of Construction from the Plans and Specifications or governmental requirements or the appearance or use of defective workmanship or materials in constructing the Project, and Borrower fails to remedy the same to Bondowner Representative's satisfaction within ten (10) days of Bondowner Representative's written demand to do so; or (ii) there is a cessation of construction of the Project prior to completion for a continuous period of more than fifteen (15) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article V); or (iii) the

construction, sale or leasing of any of the Project in accordance with the Loan Documents is prohibited, enjoined or delayed for a continuous period of more than thirty (30) days; or (iv) utilities or other public services necessary for the full occupancy and utilization of the Project are curtailed for a continuous period of more than thirty (30) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article V); or

(d) Liens, Attachment; Condemnation. (i) The recording of any claim of lien against the Property or Project or the service on Bondowner Representative of any bonded stop notice relating to the Loan and the continuance of such claim of lien or bonded stop notice for thirty (30) days without discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Bondowner Representative; or (ii) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Property or the Project; or (iii) the sequestration or attachment of, or any levy or execution upon any portion of the Property or the Project, any other collateral provided by Borrower under any of the Loan Documents, any monies in Borrower's Funds Account, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of thirty (30) days or the sale of the assets affected thereby; or

(e) Representations and Warranties. (i) The failure of any representation or warranty of Borrower, Guarantor, the General Partner, or any of its officers, employees or agents on behalf of Borrower, in any of the Loan Documents and the continuation of such failure for more than fifteen (15) days after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; or (ii) any material adverse change in the financial condition of Borrower, Guarantor, General Partner or any other person or entity in any manner obligated to Bondowner Representative under the Loan Documents from the financial condition represented to Bondowner Representative as of the later of: (1) the Effective Date, or (2) the date upon which the financial condition of such party was first represented to Bondowner Representative; or

(f) Voluntary Bankruptcy; Insolvency; Dissolution. (i) The filing of a petition by Borrower for relief under the Bankruptcy Code, or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; (iv) Borrower applying for, or the appointment of, a receiver, Bondowner Representative, custodian or liquidator of Borrower or any of its property; (v) if any insolvency proceeding is commenced by Borrower or any General Partner, or Borrower or any General Partner becomes insolvent or otherwise cannot pay its debts and obligations as such becomes due (or admits the same in writing); or (vi) the dissolution of Borrower, any Guarantor or any Indemnitor; or

(g) Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Bondowner Representative regarding the Loan, the Property or the Project, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or sixty (60) days after the date of filing of such involuntary petition; or

(h) Partners: Guarantor. The occurrence of any of the events specified in Section 15.1(f) or 15.1(g) as to the General Partner or Guarantor (but with respect to Guarantor, only for so long as the applicable guaranty has not terminated by its own terms); or

(i) Change In Management or Control. Except as otherwise provided in Section 6.8, the occurrence of any material management or organizational change in Borrower or in the partners, venturers or members of Borrower, including, without limitation, any partnership, joint venture or member dispute which Bondowner Representative determines, in its sole and absolute discretion, shall have a material adverse effect on the Loan, on the Project, or on the ability of Borrower or its partners, venturers or members to perform their obligations under the Loan Documents; or

(j) Loss of Priority. With the exception of the Permitted Prior Encumbrances, the failure at any time of the Deed of Trust to be a valid first lien upon the Project or any portion thereof, other than as a result of any release or reconveyance of the Deed of Trust with respect to all or any portion of the Project pursuant to the terms and conditions of this Agreement; or

(k) Hazardous Materials. Except as previously disclosed to Bondowner Representative, the discovery of any significant Hazardous Materials in, on or about the Property or Project subsequent to the Effective Date which Borrower fails to remove or otherwise remediate to the satisfaction of Bondowner Representative by not more than thirty (30) days of such discovery. Any such Hazardous Materials shall be “significant” for this purpose if said Hazardous Materials, in Bondowner Representative’s sole discretion, have a materially adverse impact on the value of the Property or the Project; or

(l) Tax Credit Investor Bankruptcy. Until Tax Credit Investor has made each and every Capital Contribution to Borrower contemplated under this Agreement and the Partnership Agreement subject to the terms thereof, the occurrence of any of the events specified in Sections 15.1(f) or 15.1(g) of this Agreement with respect to any Tax Credit Investor on whose financial resources Bondowner Representative has relied; or

(m) Other Bankruptcy. The occurrence of any of the events specified in Sections 15.1(f) or 15.1(g) of this Agreement with respect to Contractor (unless Contractor is replaced by a contractor satisfactory to Bondowner Representative within ninety (90) days of such occurrence, except that such period shall be limited to thirty

(30) days if such proceedings have a materially adverse impact upon the progress of construction of the Improvements or the availability of the Tax Credits); or

(n) Adverse Financial Condition – Other Than Borrower. Any material adverse change in the financial condition of any Guarantor(s) or Indemnitor(s) from the condition shown on the financial statements submitted to Bondowner Representative and relied upon by Bondowner Representative in making the Loan, the materiality and adverse effect of such change in financial condition to be reasonably determined by Bondowner Representative in accordance with its credit standards and underwriting practices in effect at the time of making such determination; or

(o) Partnership Documents. The failure to comply with Section 6.11 of this Agreement or the occurrence of a default under the Partnership Documents, or failure to satisfy any of the material terms, covenants or conditions of or under the Partnership Documents and the continuation of such failure for more than thirty (30) days from the occurrence thereof; or

(p) Unsecured Indemnity Agreement. The occurrence of a default (and the expiration of all applicable notice and cure periods) under that certain Hazardous Materials Indemnity Agreement (Unsecured) executed by Borrower and Guarantor, as Indemnitor, in favor of Bondowner Representative, and dated of even date herewith, including, without limitation, Indemnitor's failure to perform any covenant, condition or obligation thereunder; or

(q) Tax Credits. The loss of the Tax Credits for the Project or the failure to promptly reapply for the Tax Credits upon Bondowner Representative's request or expiration of the Tax Credits or failure to remain in compliance with TCAC requirements; or

(r) Subordinate Loan Documents. The expiration or termination or occurrence of a breach or default under the documents governing any of the Subordinate Loans or any documents in connection therewith, or failure to satisfy any of the terms or covenants or conditions of or under any of the Subordinate Loans or any documents in connection therewith, in either case following expiration of any applicable notice and cure periods provided therein; or

(s) Withdrawal of General Partner. Except as expressly permitted under the terms of this Agreement, the withdrawal of a General Partner as a general partner and Borrower's failure to provide a substitute or replacement acceptable to Bondowner Representative within thirty (30) days after the occurrence of any such withdrawal; or

(t) Transfer of Assets. The sale, assignment, pledge, hypothecation, mortgage or transfer of all or a substantial portion of assets of Borrower, any Guarantor or any Indemnitor (during the period in which any guaranty or indemnity, as applicable, remains in effect), other than in the ordinary course of business of said entity; or Borrower ceases its operations or sells or otherwise disposes of all or substantially all of the Property or a governmental authority condemns or expropriates, or an order is issued

by a governmental authority for the condemnation or expropriation of all or substantially all of the Property; or

(u) Default Under Swap Agreement. The occurrence of a default or "Event of Default" under any Swap Agreement (as defined therein) between Borrower and Bondowner Representative; or

(v) Default Under Guaranty. The occurrence of a default under any guaranty now or hereafter executed in connection with the Loan, including, without limitation, Guarantor's failure to perform any covenant, condition or obligation thereunder, subject to all applicable notice and cure periods; or

(w) Tax Certificate. Failure by Borrower to perform its obligations under the Tax Certificate, or failure of any of the representations or warranties contained in the Tax Certificate to be and remain true and correct at any time; or

(x) Attachment or Levy. All or any of Borrower's or General Partner's assets in excess of Fifty Thousand Dollars (\$50,000.00) in aggregate value are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee for the benefit of creditors unless, with respect to any such assets, such attachment, seizure, writ, warrant or levy shall be dismissed, released or stayed within ten (10) days of issuance thereof; or

(y) Governmental Lien. A notice of lien, levy or assessment in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, is filed of record with respect to any or all of Borrower's or General Partner's assets by the United States Government, or any department, agency or instrumentality thereof, or by any other public authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, becomes a lien, whether choate, inchoate or otherwise, upon any or all of Borrower's or General Partner's assets, and the same is not paid or otherwise released within forty-five (45) days of the filing thereof; or

(z) Leases. Borrower is in material default under any lease of any part of the Property and such default is not cured within the time provided for in such lease; or

(aa) Criminal Proceedings. Any criminal proceedings against Borrower or General Partner shall have been instituted or Borrower or General Partner shall be indicted for any crime, in either case for which a forfeiture of a material amount of the Property or any of its other property or assets is a potential penalty and such proceedings or indictment is not dismissed within sixty (60) days; or

(bb) Restrictions. The occurrence of any default by Borrower under any Restrictions that remains uncured beyond any applicable notice and cure period provided for therein; or

(cc) Subsidy Contracts and Subsidy Payments. The occurrence of a default under any Subsidy Contract that is not cured within the cure period set forth in such document, or the amendment, reduction, modification, termination or cancellation of any Subsidy Contract or Subsidy Payments without the prior written consent of Bondowner Representative, or the failure of satisfaction of all conditions precedent to the availability of any Subsidy Payments for the Project as set forth in any Subsidy Contract, or the withdrawal of consent by the Authority or CalHFA, respectively, to the assignment of any Subsidy Contract or Subsidy Payments in favor of Bondowner Representative.

15.2 Remedies.

(a) Whenever any Default shall have occurred and be continuing, the Bondowner Representative, as assignee of the Issuer, may declare all the payments under the Loan payable for the remainder of its term (in an amount equal to that necessary to pay in full the Bonds and the interest thereon, assuming acceleration of the Bonds under the Indenture and to pay all other indebtedness due under this Agreement and the other Loan Documents) to be immediately due and payable, whereupon the same shall become immediately due and payable by Borrower.

(b) Whenever any Default shall have occurred and be continuing, any one or more of the following remedial steps may also be taken to the extent permitted by law:

(i) the Bondowner Representative, as assignee of the Issuer, shall take whatever action at law or in equity as it determines to be appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of Borrower, under this Agreement or any Other Related Document, or to foreclose on the Property and improvements and/or personal property security for such obligations, or to otherwise compensate the Issuer, the Bondowner Representative and the Bondholders for any damages on account of such Default; and

(ii) the Issuer (without the prior written consent of the Bondowner Representative if the Bondowner Representative is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer), may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights to indemnification under Section 6.23, 6.30, 9.4, 15.5 and 16.30 and to collect all sums then due and thereafter to become due to the Issuer under Sections 3.3(b) and 3.4 of this Agreement; provided that the Issuer will not take any action which would prejudice the rights of the Bondowner Representative.

(c) All of Bondowner Representative's and Issuer's rights and remedies are cumulative. If any Default occurs, Issuer's obligation to lend and Bondowner Representative's obligation to consent to disbursements of proceeds of the

Bonds under the Loan Documents automatically terminate, and Bondowner Representative in its sole discretion may withhold any one or more disbursements. Bondowner Representative may also withhold any one or more disbursements after an event occurs that, with notice or the passage of time, could become a Default. No disbursement of proceeds of the Bonds by Bondowner Representative will cure any default of Borrower, unless Bondowner Representative agrees otherwise in writing in each instance.

(d) If Borrower becomes the subject of any Insolvency Proceeding, all of Borrower's obligations under the Loan Documents automatically become immediately due and payable upon the filing of the petition commencing such proceeding, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. Upon the occurrence of any other Default, all of Borrower's obligations under the Loan Documents may become due and payable immediately without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or other notices or demands of any kind or character, all at Bondowner Representative's option, exercisable in its sole discretion. If such acceleration occurs, Bondowner Representative may apply any undisbursed Loan funds to Borrower's obligations under the Loan Documents, in any order and proportions in Bondowner Representative's sole discretion.

(e) Also upon any Default that occurs during the course of construction of the Project, Bondowner Representative in its sole discretion may enter and take possession of the Project, whether in person, by agent or by court-appointed receiver, and take any and all actions that Bondowner Representative in its sole discretion may consider necessary to complete construction of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to Bondowner Representative's right at any time to discontinue any work without liability. By choosing to complete the construction of the Project, Bondowner Representative does not assume any liability to Borrower or any other person for completing them or for the manner or quality of their construction, and Borrower expressly waives any such liability. If Bondowner Representative exercises any of the rights or remedies provided in this clause (e), that exercise will not make Bondowner Representative, or cause Bondowner Representative to be deemed, a partner or joint venturer of Borrower. Bondowner Representative in its sole discretion may choose to complete construction in its own name. All sums expended by Bondowner Representative in completing construction will be considered to have been disbursed to Borrower and will be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan; any sums of principal will be considered to be an additional loan to Borrower bearing interest at the Default Rate, and be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan. For these purposes Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the cost breakdown.

15.3 Disposition of Funds. Any amounts collected pursuant to action taken under Section 15.2 (other than sums collected for the Issuer on account of its rights to indemnification and certain direct payments to be made under Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30 which sums shall be paid directly to the Issuer) shall be applied in accordance with the provisions of the Indenture.

15.4 Nonexclusive Remedies. No remedy herein conferred upon or reserved to the Issuer or the Bondowner Representative is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bondowner Representative to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

15.5 Attorneys' Fees and Expenses. If a Default shall exist under this Agreement and the Issuer or the Bondowner Representative employ attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of Borrower, Borrower shall upon demand pay to the Issuer or the Bondowner Representative, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

15.6 Effect of Waiver. In the event any agreement contained in this Agreement is breached by either party and thereafter such breach is waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

15.7 Issuer and Bondowner Representative May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or the property of Borrower, the Bondowner Representative or the Issuer (with the prior consent of the Bondowner Representative), shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and the Bondowner Representative (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Bondowner Representative, their agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

15.8 Restoration of Positions. If the Issuer or the Bondowner Representative has instituted any proceeding to enforce any right or remedy under this Agreement, and such

proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Issuer or the Bondowner Representative, then and in every such case Borrower, the Bondowner Representative and the Issuer shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer and the Bondowner Representative shall continue as though no such proceeding had been instituted.

15.9 Suits To Protect the Project. If Borrower shall fail to do so after thirty (30) days prior written notice from the Issuer or the Bondowner Representative, the Issuer or the Bondowner Representative shall have power to institute and to maintain such proceedings as either of them may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Agreement, and such suits and proceedings as the Issuer or the Bondowner Representative may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Bondowner Representative.

15.10 Performance by Third Parties. The Bondowner Representative or the Issuer, with the consent of the Bondowner Representative, may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of Borrower to cure any Default hereunder. The acceptance by the Issuer or the Bondowner Representative of any such performance by third parties shall not in any way diminish or absolve Borrower of primary liability hereunder.

15.11 Investor's Notice and Cure Rights. Notwithstanding anything to the contrary contained in the Loan Documents, Bondowner Representative hereby agrees that any cure of any default made or tendered by one or more of Borrower's limited partners within the time for cure required in the Loan Documents shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made by Borrower. Bondowner Representative shall deliver to Tax Credit Investor copies of all notices of default delivered by Bondowner Representative to Borrower under the Loan Documents.

15.12 Exercise of the Issuer's Remedies by Bondowner Representative. Whenever any Default shall have happened and be existing, the Bondowner Representative may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article 15, with notice to the Issuer.

ARTICLE 16 MISCELLANEOUS PROVISIONS

16.1 Limited Obligation of the Issuer. The Issuer shall not be obligated to pay the principal of or interest on the Bonds, except from moneys and assets paid by the Borrower pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal of or interest on the Bonds. The Issuer shall not be liable for any

costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Agreement. Any and all liability of the Issuer under the Bond Documents shall be further limited as provided in the Indenture.

16.2 Form of Documents. The form and substance of all documents, instruments, and forms of evidence to be delivered to Bondowner Representative under the terms of this Agreement and any of the Loan Documents shall be subject to Bondowner Representative's approval.

16.3 No Third Parties Benefited. No person other than the Issuer, the Bondowner Representative and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents.

16.4 Notices. All notices, demands, or other communications under this Agreement and the other Loan Documents shall be in writing and shall be delivered to the appropriate party at the address set forth in the Indenture (subject to change from time to time by written notice to all other parties to this Agreement). All communications shall be deemed served upon delivery of, or if mailed, upon the first to occur of receipt or the expiration of three (3) days after the deposit in the United States Postal Service mail, postage prepaid certified mail, return receipt requested and addressed to the address of Borrower or Bondowner Representative at the address specified below or the next Business Day if sent by a recognized overnight courier that provides written confirmation of delivery; provided, however, that non-receipt of any communication as the result of any 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. Bondowner Representative shall deliver a copy of all notices sent to Borrower to Investor Limited Partner at the following address, provided that Bondowner Representative shall have no liability to Tax Credit Investor for failure to deliver and failure to deliver a copy to Investor Limited Partner shall not render any notice to Borrower invalid:

If to Borrower:

Tabora Gardens, L.P.
c/o Satellite Affordable Housing Associates
1835 Alcatraz Avenue
Berkeley, California 94703
Attention: Executive Director
Tel. No.: (510) 647-0700
Fax No.: (510) 647-0820

With a copy to:

[Raymond James Tax Credit Funds, Inc.]

Attention: _____
Tel. No.: (____) _____
Fax No.: (____) _____

If to Issuer:

County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, California 94533
Attention: Community Development Bond
Program Manager

If to Bondowner Representative:

Wells Fargo Bank, National Association
Community Lending and Investment
MAC #A0119-183
333 Market Street, 18th Floor
San Francisco, California 94105
Attention: Loan Administration Officer
Tel. No.: (415) 801-8526
Fax No.: (415) 371-6954

16.5 Attorney-in-Fact. Borrower hereby irrevocably appoints and authorizes Bondowner Representative, as Borrower's attorney-in-fact, which agency is coupled with an interest, to execute and/or record in Bondowner Representative's or Borrower's name any notices, instruments or documents that Bondowner Representative deems appropriate to protect Bondowner Representative's interest under any of the Loan Documents.

16.6 Actions. Borrower agrees that Bondowner Representative, in exercising the rights, duties or liabilities of Bondowner Representative or Borrower under the Loan Documents, may commence, appear in or defend any action or proceeding purporting to affect the Property, the Project, or the Loan Documents and Borrower shall immediately reimburse Bondowner Representative upon demand for all such expenses so incurred or paid by Bondowner Representative, including, without limitation, attorneys' fees and expenses and court costs.

16.7 Right of Contest. Borrower may contest in good faith any claim, demand, levy or assessment (other than liens and stop notices) by any person other than Bondowner Representative which would constitute a Default if: (a) Borrower pursues the contest diligently, in a manner which Bondowner Representative determines is not prejudicial to Bondowner Representative, and does not impair the rights of Bondowner Representative under any of the Loan Documents; and (b) Borrower deposits with Bondowner Representative any funds or other forms of assurance which Bondowner Representative in good faith determines from time to time appropriate to protect Bondowner Representative from the consequences of the contest being unsuccessful. Borrower's compliance with this Section shall operate to prevent such claim, demand, levy or assessment from becoming a Default.

16.8 Relationship of Parties. The relationship of Borrower and Bondowner Representative under the Loan Documents is, and shall at all times remain, solely that of Borrower and Bondowner Representative, and Bondowner Representative neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or Project, except as expressly provided in this Agreement and the other Loan Documents.

16.9 Delay Outside Bondowner Representative's Control. Bondowner Representative shall not be liable in any way to Borrower or any third party for Bondowner Representative's failure to perform or delay in performing under the Loan Documents (and Bondowner Representative may suspend or terminate all or any portion of Bondowner Representative's obligations under the Loan Documents) if such failure to perform or delay in performing results directly or indirectly from, or is based upon, the action, inaction, or purported action, of any governmental or local authority, or because of war, rebellion, insurrection, strike, lock-out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bondowner Representative deemed probable), or from any Act of God or other cause or event beyond Bondowner Representative's control.

16.10 Attorneys' Fees and Expenses; Enforcement. If any attorney is engaged by any party to this Agreement to enforce or defend any provision of this Agreement, any of the other Loan Documents or Other Related Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Borrower shall immediately pay, upon demand, the amount of all attorneys' fees and expenses and all costs incurred by any party in connection therewith, together with interest thereon from the date of such demand until paid at the Default Rate.

16.11 Immediately Available Funds. Unless otherwise expressly provided for in this Agreement, all amounts payable by Borrower to Bondowner Representative shall be payable only in United States currency, immediately available funds.

16.12 Bondowner Representative's Consent. Wherever in this Agreement there is a requirement for Bondowner Representative's consent and/or a document to be provided or an action taken "to the satisfaction of Bondowner Representative", it is understood by such phrase that Bondowner Representative shall exercise its consent, right or judgment in a reasonable manner given the specific facts and circumstances applicable at the time.

16.13 Signs; Publicity. Bondowner Representative may place on the Property reasonable signs standard to construction loan transactions stating that construction financing is being provided by the Bonds which have been purchased by Holder. Borrower hereby agrees that Bondowner Representative, at its expense, may publicize the financing of the Property and, in connection therewith, may use the address, description and a photograph or other illustrative drawing of the Property.

16.14 Bondowner Representative's Agents. Bondowner Representative may designate an agent or independent contractor to exercise any of Bondowner Representative's rights under this Agreement and any of the other Loan Documents. Any reference to Bondowner Representative in any of the Loan Documents shall include Bondowner Representative's agents, employees or independent contractors. Borrower shall pay the costs of such agent or

independent contractor either directly to such person or to Bondowner Representative in reimbursement of such costs, as applicable.

16.15 Tax Service. Bondowner Representative is authorized to secure, at Borrower's expense, a tax service contract with a third party vendor which shall provide tax information on the Property and Project satisfactory to Bondowner Representative.

16.16 Severability. If any provision or obligation under this Agreement and the other Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from the Loan Documents and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of the Loan Documents, provided, however, that if the rate of interest or any other amount payable under the Note or this Agreement or any other Loan Document, or the right of collectibility therefor, are declared to be or become invalid, illegal or unenforceable, Bondowner Representative's obligations to make advances under the Loan Documents shall not be enforceable by Borrower.

16.17 Time. Time is of the essence of each and every term of this Agreement.

16.18 Headings. All Article, Section or other headings appearing in this Agreement and any of the other Loan Documents are for convenience of reference only and shall be disregarded in construing this Agreement and any of the other Loan Documents.

16.19 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California, except to the extent preempted by federal laws. Borrower and all persons and entities in any manner obligated to Bondowner Representative under the Loan Documents consent to the jurisdiction of any federal or State court within the State having proper venue and also consent to service of process by any means authorized by State or federal law.

16.20 Integration; Interpretation. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference in any of the Loan Documents to the Property or Project shall include all or any part of the Property or Project. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Bondowner Representative in writing.

16.21 Joint and Several Liability. The liability of all persons and entities obligated in any manner under this Agreement and any of the Loan Documents shall be joint and several.

16.22 Counterparts. This Agreement, any of the other Loan Documents (except for the Note), any Other Related Documents and any subsequent modifications, amendments, waivers, consents or supplements thereof, if any, may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all such counterparts together, shall constitute one and the same instrument.

16.23 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, Bondowner Representative and Borrower and their respective successors and assigns.

16.24 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or the Indenture, subsequent to the issuance of the Bonds, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the holders of a majority of the aggregate principal amount of the Bonds then outstanding.

16.25 Required Approvals. Consents and approvals required by this Agreement to be obtained from Borrower, the Issuer or the Bondowner Representative shall be in writing and shall not be unreasonably withheld or delayed.

16.26 Limitation on Liability. No member, officer, agent or employee of the Bondowner Representative or the Issuer or any limited partner, director, officer, agent or employee of Borrower shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such limited partner, member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement. The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Bondowner Representative pursuant to this Agreement and the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of or interest on the Bonds as the same shall become due, whether by maturity, redemption, acceleration or otherwise, then upon notice from the Bondholder, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bondholder, the Borrower, the Issuer or any third party, as the case may be.

16.27 No Waiver; Consents. No alleged waiver by Bondowner Representative or Issuer will be effective unless in writing, and no waiver will be construed as a continuing waiver. No waiver may be implied from any delay or failure by Bondowner Representative or Issuer to take action on account of any default of Borrower or to exercise any right or remedy against Borrower or any security. Consent by Bondowner Representative or Issuer to any act or omission by Borrower may not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for Bondowner Representative's or the Issuer's consent to be obtained in any future or other instance. All rights and remedies of Bondowner Representative and the Issuer, respectively, are cumulative.

16.28 Purpose and Effect of Bondowner Representative Approval. Bondowner Representative's approval of any matter in connection with the Loan is for the sole purpose of protecting the Issuer's security and rights of Bondowner Representative and the Bondholders. No such approval will result in a waiver of any default of Borrower. In no event may

Bondowner Representative's approval be a representation of any kind with regard to the matter being approved.

16.29 No Commitment to Increase Loan. From time to time, Bondowner Representative may approve changes to the Plans and Specifications at Borrower's request and also require Borrower to make corrections to the work of construction, all on and subject to the terms and conditions of this Agreement. Borrower acknowledges that no such action or other action by Bondowner Representative will in any manner commit or obligate the Issuer or Bondowner Representative to increase the amount of the Loan.

16.30 INDEMNITY REGARDING CONSTRUCTION AND OTHER RISKS. BORROWER INDEMNIFIES, DEFENDS AND HOLDS THE INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING OUT OF OR RESULTING FROM CONSTRUCTION OF ANY PROJECT ON THE PROPERTY, INCLUDING ANY DEFECTIVE WORKMANSHIP OR MATERIALS; OR ANY FAILURE TO SATISFY ANY REQUIREMENTS OF ANY LAWS, REGULATIONS, ORDINANCES, GOVERNMENTAL POLICIES OR STANDARDS, REPORTS, SUBDIVISION MAPS OR DEVELOPMENT AGREEMENTS THAT APPLY OR PERTAIN TO THE PROPERTY; OR BREACH OF ANY REPRESENTATION OR WARRANTY MADE OR GIVEN BY BORROWER TO ANY OF THE INDEMNIFIED PARTIES OR TO ANY PROSPECTIVE OR ACTUAL BUYER OF ALL OR ANY PORTION OF THE PROPERTY; OR ANY CLAIM OR CAUSE OF ACTION OF ANY KIND BY ANY PARTY THAT ANY INDEMNIFIED PARTY IS LIABLE FOR ANY ACT OR OMISSION OF BORROWER OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE OWNERSHIP, SALE, OPERATION OR DEVELOPMENT OF THE PROPERTY; PROVIDED, HOWEVER, THAT BORROWER SHALL HAVE NO OBLIGATION TO INDEMNIFY, DEFEND OR HOLD HARMLESS (i) BONDOWNER REPRESENTATIVE TO THE EXTENT THAT ANY OF THE FOREGOING LIABILITIES ARISE OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF BONDOWNER REPRESENTATIVE, OR (ii) ISSUER TO THE EXTENT THAT ANY OF THE FOREGOING LIABILITIES ARISE OUT OF THE WILLFUL MISCONDUCT OF ISSUER. THE PROVISIONS OF THIS SECTION 16.30 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

16.31 Relationships With Other Bondowner Representative Customers. From time to time, Bondowner Representative may have business relationships with Borrower's customers, suppliers, contractors, tenants, partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower, or with persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Bondowner Representative may extend credit to such parties and take any action it deems necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower's financial condition or operations. Borrower further agrees that in no event will Bondowner Representative be obligated to disclose to Borrower any information concerning any other Bondowner Representative customer.

16.32 Disclosure to Title Company. Without notice to or the consent of Borrower, Bondowner Representative may disclose to any title insurance company insuring any

interest of Bondowner Representative under the Deed of Trust (whether as primary insurer, coinsurer or reinsurer) any information, data or material in Bondowner Representative's possession relating to Borrower, the Loan, the Project or the Property.

16.33 Restriction on Personal Property. Except for the replacement of personal property made in the ordinary course of Borrower's business with items of equal or greater value, Borrower may not sell, convey or otherwise transfer or dispose of its interest in any personal property in which Bondowner Representative has a security interest or contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance.

16.34 Interpretation. The language of this Agreement must be construed as a whole according to its fair meaning, and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Agreement are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Agreement.

16.35 Loan Commission. Bondowner Representative is not obligated to pay any brokerage commission or fee in connection with or arising out of the Loan. Borrower must pay any and all brokerage commissions or fees arising out of or in connection with the Loan.

16.36 Compliance with Usury Laws. Notwithstanding any other provision of this Agreement, it is agreed and understood that in no event shall this Agreement, with respect to the Note or other instrument of indebtedness, be construed as requiring Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law. In the event of any acceleration of the payment of the principal amount of the Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Agreement or related documents shall be canceled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount. The provisions of this Section 16.36 prevail over any other provision of this Agreement.

16.37 USA Patriot Act Notice Compliance. The USA Patriot Act of 2001 (Public Law 107.56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Bondowner Representative may from time to time request, and Borrower shall provide to Bondowner Representative, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Bondowner Representative to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit and/or other financial services product.

16.38 Loan Sales and Participations; Disclosure of Information. Borrower acknowledges the intention of the parties to facilitate the marketability of the Loan to purchasers in the secondary market and agrees that Bondowner Representative may elect, at any time, to sell, assign or grant participations in all or any portion of its rights and obligations under the Loan Documents, and that any such sale, assignment or participation may be to one or more financial institutions, private investors, and/or other entities, at Bondowner Representative's sole discretion ("Participant"). Borrower further agrees that Bondowner Representative may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to Bondowner Representative with respect to: (a) the Property and Improvements and its operation; (b) any party connected with the Loan (including, without limitation, the Borrower, any partner of Borrower, any constituent partner or member of Borrower, any Guarantor); and/or (c) any lending relationship other than the Loan which Bondowner Representative may have with any party connected with the Loan. In the event of any such sale, assignment or participation, Bondowner Representative and the parties to such transaction shall share in the rights and obligations of Bondowner Representative as set forth in the Loan Documents only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Borrower further agrees that the Loan Documents shall be sufficient evidence of the obligations of Borrower to each purchaser, assignee, or participant, and upon written request by Bondowner Representative, Borrower shall enter into such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment or participation. The indemnity obligations of Borrower under the Loan Documents shall also apply with respect to any purchaser, assignee or participant. Notwithstanding the foregoing, nothing herein shall be construed to limit the restrictions on transfer of the Bonds set forth in the Indenture.

16.39 Radon Testing. Borrower shall cause its environmental consultant to test not less than ten percent (10%) of the lowest level residential units at the Project for radon gas, with not less than one such test completed for each building on the Property. Such tests shall be conducted in residential unit living rooms, dens or bedrooms and shall not be conducted in bathrooms, kitchens, hallways or closets. The results of such tests shall be acceptable to Bondowner Representative and satisfy the requirements of Investor Limited Partner under the Partnership Documents and HCD in connection with its commitments to fund the HCD MHP Loan and HCD VHHP Loan; provided, however, that if required by Bondowner Representative, Investor Limited Partner or HCD, Borrower shall take appropriate mitigation actions regarding such radon gas as may be required by Bondowner Representative, Investor Limited Partner or HCD, as applicable. Borrower shall provide to Bondowner Representative evidence of the testing for radon gas in accordance with the terms of this Section, together with final test results satisfying the requirements hereof.

[Remainder of Page Left Intentionally Blank.]

IN WITNESS WHEREOF, the Issuer, the Bondowner Representative and Borrower have caused this Agreement to be executed by their duly authorized officers, all as of the date first above written.

“Issuer”

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
John Kopchik
Director, Department of Conservation
and Development

“Bondowner Representative”

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
John S. Kauh
Senior Vice President

“Borrower”

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland
Executive Director

EXHIBIT A

PROPERTY DESCRIPTION

Exhibit A to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

EXHIBIT B
DOCUMENTS

Exhibit B to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

(a) Loan Documents. The documents listed below, numbered (i) through (xxii), inclusive, and amendments, modifications and supplements thereto which have received the prior written consent of Bondowner Representative, together with any documents executed in the future that are approved by Bondowner Representative and that recite that they are “Loan Documents” for purposes of this Agreement are collectively referred to herein as the Loan Documents.

(i) This Agreement.

(ii) The Promissory Note Secured by Deed of Trust of even date herewith in the original principal amount of \$_____.00 made by Borrower payable to the order of Issuer and endorsed over to Bondowner Representative.

(iii) The Construction Deed of Trust with Absolute Assignment of Leases and Payments, Security Agreement and Fixture Filing of even date herewith executed by Borrower, as trustor, to American Securities Company, a corporation, as trustee, for the benefit of Issuer, as beneficiary, relating to the Property.

(iv) The Assignment of Deed of Trust and Loan Documents, dated as of even date herewith, made by Issuer for the benefit of Bondowner Representative, as beneficiary.

(v) Pledge and Security Agreement of even date herewith executed by Borrower, General Partner and Bondowner Representative.

(vi) Uniform Commercial Code - National Financing Statement - Form UCC 1, dated even date herewith, naming Borrower as Debtor, in favor of Bondowner Representative as Secured Party, perfecting security interests granted in the Deed of Trust.

(vii) Uniform Commercial Code - National Financing Statement - Form UCC 1, dated as of even date herewith, naming Borrower and General Partner as Debtors, in favor of Bondowner Representative as Secured Party, perfecting security interests granted in the Pledge and Security Agreement.

(viii) Agreement Regarding Disbursement Prior to Recording and Amendment to Note dated as of even date herewith executed by and between Borrower and Bondowner Representative.

Exhibit B to Loan Agreement

(ix) Assignment of Architectural Agreements and Plans and Specifications of even date herewith executed by Borrower, together with the Consent thereto executed by Architect, in favor of Bondowner Representative.

(x) Assignment of Construction Contracts of even date herewith executed by Borrower, together with the Consent thereto executed by Contractor, in favor of Bondowner Representative.

(xi) Assignment of Property Management Agreement executed by Borrower, together with the Consent thereto executed by Property Manager, in favor of Bondowner Representative.

(xii) Assignment of Section 8 Housing Assistance Payments Contract, Agreement to Enter Into Housing Assistance Payments Contract and Housing Assistance Payments executed by Borrower, together with the Consent thereto executed by the Authority.

(xiii) Assignment of RAD Housing Assistance Payments Contract and Housing Assistance Payments executed by Borrower, together with the Consent thereto executed by the Authority.

(xiv) Assignment of Section 811 Rental Assistance Contract, Agreement to Enter Into Rental Assistance Contract and Rental Assistance Contract Payments executed by Borrower, together with the Consent thereto executed by CalHFA.

(xv) Disbursement Instruction Agreement executed by Borrower in favor of Bondowner Representative.

(xvi) Subordination Agreement (City Loans) executed by the City and Borrower in favor of Bondowner Representative, relating to the subordination of the documents relating to the City RDA Loan and City NSP/CDBG Loan, including, without limitation, the City RDA Regulatory Agreement and City NSP/CDBG Regulatory Agreement.

(xvii) Subordination Agreement (County Loan) executed by the County and Borrower in favor of Bondowner Representative, relating to the subordination of the documents relating to the County Loan, including, without limitation, the County Regulatory Agreement and the County HOME/HOPWA Regulatory Agreement.

(xviii) Copartnership, Joint Venture or Association Borrowing Certificate executed by General Partner.

(xix) Limited Liability Company Certificate Authorizing Partnership Activity executed by the manager of General Partner.

(xx) Corporate Resolution Authorizing Limited Liability Company Activity executed by the Secretary of the manager of General Partner.

(xxi) Estoppel Letter executed by HCD regarding the HCD MHP Loan.

(xxii) Estoppel Letter executed by HCD regarding the HCD VHHP Loan.

(b) Other Related Documents (Which Are Not Loan Documents):

(i) Completion Guaranty dated as of even date herewith, executed by Guarantor in favor of Bondowner Representative.

(ii) Repayment Guaranty dated as of even date herewith, executed by Guarantor in favor of Bondowner Representative.

(iii) Hazardous Materials Indemnity Agreement (Unsecured) dated as of even date herewith, executed by Borrower and Guarantor as Indemnitor in favor of Bondowner Representative.

(iv) Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Secretary of Guarantor (Satellite Affordable Housing Associates).

(v) Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Secretary of Guarantor (Satellite Affordable Housing Associates Property Manager).

(vi) Opinion of Bond Counsel.

(vii) Opinion of Borrower's counsel.

(viii) Payment and Performance Bond.

(ix) Any Swap Agreement between Borrower and Bondowner Representative.

EXHIBIT C

FINANCIAL REQUIREMENT ANALYSIS

Exhibit C to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

The Financial Requirement Analysis set forth herein represents an analysis of the total costs necessary in Borrower’s estimation to perform Borrower’s obligations under the Loan Documents. Column A, “Total Costs”, sets forth Borrower’s representation of the maximum costs for each Item specified in Column A. Column B, “Deferred Costs”, sets forth Borrower’s representation of costs that Borrower has paid or has caused to be paid from other sources of funds for each Item specified in Column B. Column C, “Disbursement Budget”, sets forth the portion of the Loan which has been allocated for each Item specified in Column C and will be disbursed pursuant to the terms, covenants, conditions and provisions of Exhibit D of this Agreement and the Loan Documents. Unless specified otherwise, all reference to Columns or Items in this Agreement refer to Columns or Items in this Exhibit C.

[See Attached.]

[TO BE INSERTED]

EXHIBIT D

DISBURSEMENT PLAN

Exhibit D to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

1. Timing of Disbursement. Unless another provision of this Agreement specifies otherwise, on or about the last day of each month, or at such other times as Bondowner Representative may approve or determine more appropriate, Borrower shall submit to:

Wells Fargo Bank, National Association
Minneapolis Loan Center
MAC #N9300-091
600 South 4th Street, 9th Floor
Minneapolis, MN 55415
Attention: Disbursement Administrator

a written itemized statement, signed by Borrower (“Application for Payment”) setting forth:

- 1.1 a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested with respect to any line item (“Item”) shown in Column D (“Disbursement Budget”) of the Financial Requirement Analysis attached as Exhibit C to this Agreement; and
- 1.2 the total amount incurred, expended and/or due for each requested Item less prior disbursements.
- 1.3 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with all the conditions precedent to a disbursement specified in this Agreement.
- 1.4 Bondowner Representative shall have the right to require that Disbursements shall be made, after satisfaction of the conditions contained in this Exhibit D and the Disbursement Plan. Disbursements shall be made into Borrower’s demand deposit account at Wells Fargo Bank, National Association, account number _____.
- 1.5 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with the Issuer’s prevailing wage requirements as set forth in the Regulatory Agreement.

2. Bondowner Representative's Right to Condition Disbursements. Bondowner Representative shall have the right to condition any disbursement upon Bondowner Representative's receipt and approval of the following:
- 2.1 the Application for Payment and an itemized requisition for payment of line items shown in the Disbursement Budget as hard costs ("Hard Costs");
 - 2.2 bills, invoices, documents of title, vouchers, statements, payroll records, receipts and any other documents evidencing the total amount expended, incurred or due for any requested Items;
 - 2.3 evidence of Borrower's use of a lien release, joint check and voucher system acceptable to Bondowner Representative for payments or disbursements to any contractor, subcontractor, materialman, supplier or lien claimant;
 - 2.4 architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and Specifications and governmental requirements based upon any such architect's, inspector's and/or engineer's periodic physical inspections of the Property and Improvements;
 - 2.5 waivers and releases of any mechanics' lien, stop notice claim, equitable lien claim or other lien claim rights;
 - 2.6 evidence of Borrower's compliance with the provisions of the Articles and Sections of this Agreement entitled Construction and Authority/Enforceability;
 - 2.7 a written release executed by any surety to whom Bondowner Representative has issued or will issue a set-aside letter and/or any public entity or agency which is a beneficiary under any instrument of credit or standby letter of credit which Bondowner Representative has issued or will issue with respect to the Loan;
 - 2.8 valid, recorded Notice(s) of Completion for the Improvements or any portions of the Improvements for which Notice(s) of Completion may be recorded under applicable law;
 - 2.9 Certificate of Substantial Completion from the Architect and Engineer, if any, prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;
 - 2.10 any other document, requirement, evidence or information that Bondowner Representative may request under any provision of the Loan Documents;
 - 2.11 evidence that any goods, materials, supplies, fixtures or other work in process for which disbursement is requested have been incorporated into the Improvements;
 - 2.12 in the event that any Application for Payment includes the cost of materials stored on the Property ("Onsite Materials"), such Application for Payment shall include

Exhibit D to Loan Agreement

each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Property for which adequate security is provided against theft and vandalism; and

- 2.13 in the event any Application for Payment includes the cost of materials stored at a location other than the Property ("Offsite Materials"), such Application for Payment shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility and have been appropriately marked to indicate Borrower's ownership thereof and Bondowner Representative's security interest therein; and (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bondowner Representative's request, a security agreement, financing statement and/or subordination agreement in form and substance satisfactory to Bondowner Representative executed by the supplier of the Offsite Materials, and/or such other persons as Bondowner Representative determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bondowner Representative may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

Borrower acknowledges that this approval process may result in disbursement delays and Borrower hereby consents to all such delays.

[THE FOLLOWING TO BE CONFORMED TO THE LINE ITEMS ON THE FINAL FINANCIAL REQUIREMENTS ANALYSIS ATTACHED AS EXHIBIT C]:

3. Periodic Disbursement of Land Costs. The portion of the Disbursement Budget totaling \$____.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Land Costs.
4. Periodic Disbursement of Construction Fees and Costs. The portion of the Disbursement Budget totaling \$____.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Construction Fees and Costs items up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
5. Hard Costs Contingency Reserve. The portion of the Disbursement Budget initially totaling \$____.00, allocated for the payment of Hard Costs Contingencies, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of Borrower for cost overruns that have been approved by Bondowner Representative for Hard Cost Items and disbursed in accordance with paragraph 4 hereof depending upon the intended use of any such funds.

6. Periodic Disbursement of Furnishings Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Furnishings Fees and Costs.
7. Periodic Disbursement of Architect & Engineering Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Architect & Engineering Fees and Costs.
8. Periodic Disbursement of Building Permits and Fees. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Architect & Engineering Fees and Costs.
9. Periodic Disbursement of Appraisal Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Appraisal Fees and Costs.
10. Periodic Disbursement of Construction Interest Reserve Funds. The portion of the Disbursement Budget initially totaling \$____.00, allocated as a Construction Interest Reserve, shall be periodically disbursed directly to Bondowner Representative for the payment of interest which accrues and becomes due under the Note. Bondowner Representative is hereby authorized to charge the Loan directly for such interest payments when due. Bondowner Representative shall provide Borrower with a monthly interest statement. Depletion of the Interest Reserve shall not release Borrower from any of Borrower's obligations under the Loan Documents, including, without limitation, payment of all accrued and due interest and the deposit of Borrower's Funds with Bondowner Representative pursuant to the terms and provisions of the Loan Agreement.
11. Periodic Disbursement of Costs of Issuance. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Costs of Issuance.
12. Periodic Disbursement of Taxes & Insurance Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Taxes & Insurance Fees and Costs.
13. Periodic Disbursement of Title & Escrow Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Title & Escrow Fees and Costs.

14. Periodic Disbursement of Legal Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Legal Fees and Costs.
15. Soft Costs Contingency Reserve. The portion of the Disbursement Budget allocated for the payment of Soft Cost Contingencies initially totaling \$____.00, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of the Borrower for cost overruns that have been approved by Bondowner Representative for Soft Costs Items and disbursed in accordance with Exhibit D hereof, depending upon the intended use of any such funds.
16. Periodic Disbursement of TCAC Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's TCAC Fees and Costs.
17. Periodic Disbursement of Syndication Consultant Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Syndication Consultant Fees and Costs.
18. Periodic Disbursement of Marketing Expenses and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Marketing Expenses and Costs.
19. Periodic Disbursement of Market Study Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Market Study Fees and Costs.
20. Periodic Disbursement of Construction Loan Fees. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Construction Loan Fees.
21. Periodic Disbursement of Lender Expenses and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Lender Expenses and Costs.
22. Periodic Disbursement of Issuer Monitoring Fee Reserve Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Issuer Monitoring Fee Reserve Costs.

EXHIBIT E**FORM OF DISBURSEMENT INSTRUCTION AGREEMENT**

Exhibit E to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

DISBURSEMENT INSTRUCTION AGREEMENT

Borrower: TABORA GARDENS, L.P., a California limited partnership
Bondowner Representative: WELLS FARGO BANK, NATIONAL ASSOCIATION
Loan: Loan number 1016078 made pursuant to that certain Loan Agreement dated as of _____, 2016, among Borrower, Bondowner Representative and the County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as amended from time to time
Effective Date: as of _____, 2016
Check applicable box: <input type="checkbox"/> <u>New</u> – This is the first Disbursement Instruction Agreement submitted in connection with the Loan. <input type="checkbox"/> <u>Replace Previous Agreement</u> – This is a replacement Disbursement Instruction Agreement. All prior instructions submitted in connection with this Loan are cancelled as of the Effective Date set forth above.

This Agreement must be signed by the Borrower and is used for the following purposes:

- (1) to designate an individual or individuals with authority to request disbursements of Loan proceeds, whether at the time of Loan closing/origination or thereafter;
- (2) to designate an individual or individuals with authority to request disbursements of funds from Restricted Accounts (as defined in the Terms and Conditions attached to this Agreement), if applicable; and
- (3) to provide Bondowner Representative with specific instructions for wiring or transferring funds on Borrower’s behalf.

Any of the disbursements, wires or transfers described above is referred to herein as a “**Disbursement.**”

Specific dollar amounts for Disbursements must be provided to Bondowner Representative at the time of the applicable Disbursement in the form of a signed closing statement, an email instruction or other written communication (each, a “**Disbursement Request**”) from an applicable Authorized Representative (as defined in the Terms and Conditions attached to this Agreement).

Exhibit E to Loan Agreement

A new Disbursement Instruction Agreement must be completed and signed by the Borrower if (i) all or any portion of a Disbursement is to be transferred to an account or an entity not described in this Agreement or (ii) Borrower wishes to add or remove any Authorized Representatives.

See the Additional Terms and Conditions attached hereto for additional information and for definitions of certain capitalized terms used in this Agreement.

Disbursement of Loan Proceeds at Origination/Closing

Closing Disbursement Authorizers: Bondowner Representative is authorized to accept one or more Disbursement Requests from any of the individuals named below (each, a “**Closing Disbursement Authorizer**”) to disburse Loan proceeds on or about the date of the Loan origination/closing and to initiate Disbursements in connection therewith (each, a “**Closing Disbursement**”):

	Individual's Name	Title
1.	Susan Friedland	Executive Director
2.	Eve Stewart	Director of Housing Development
3.	Jonathan Astmann	Project Manager
4.	Tom Earley	Chief Operating Officer

Describe Restrictions, if any, on the authority of the Closing Disbursement Authorizers (dollar amount limits, wire/deposit destinations, etc.): Closing Disbursement not to exceed \$_____.00

If there are no restrictions described here, any Closing Disbursement Authorizer may submit a Disbursement Request for all available Loan proceeds.

Permitted Wire Transfers: Disbursement Requests for the Closing Disbursement(s) to be made by wire transfer must specify the amount and applicable Receiving Party. Each Receiving Party included in any such Disbursement Request must be listed below. Bondowner Representative is authorized to use the wire instructions that have been provided directly to Bondowner Representative by the Receiving Party or Borrower and attached as the Closing Exhibit. **All wire instructions must contain the information specified on the Closing Exhibit.**

	Names of Receiving Parties for the Closing Disbursement(s) (may include as many parties as needed; wire instructions for each Receiving Party must be attached as the Closing Exhibit)
1.	Old Republic Title Company
2.	
3.	

Direct Deposit: Disbursement Requests for the Closing Disbursement(s) to be deposited into an account at Wells Fargo Bank, N.A. must specify the amount and applicable account. Each account included in any such Disbursement Request must be listed below.

Name on Deposit Account: Tabora Gardens, L.P.

Wells Fargo Bank, N.A. Deposit Account Number: _____

Further Credit Information/Instructions: N/A

Disbursements of Loan Proceeds Subsequent to Loan Closing/Origination

Subsequent Disbursement Authorizers: Bondowner Representative is authorized to accept one or more Disbursement Requests from any of the individuals named below (each, a “**Subsequent Disbursement Authorizer**”) to disburse Loan proceeds after the date of the Loan origination/closing and to initiate Disbursements in connection therewith (each, a “**Subsequent Disbursement**”):

	Individual's Name	Title
1.	Susan Friedland	Executive Director
2.	Eve Stewart	Director of Housing Development
3.	Jonathan Astmann	Project Manager
4.	Tom Earley	Chief Operating Officer

Describe Restrictions, if any, on the authority of the Subsequent Disbursement Authorizers (dollar amount limits, wire/deposit destinations, etc.): Subsequent Disbursements not to exceed \$_____ in the aggregate

If there are no restrictions described here, any Subsequent Disbursement Authorizer may submit a Disbursement Request for all available Loan proceeds.

Direct Deposit: Disbursement Requests for Subsequent Disbursements to be deposited into an account at Wells Fargo Bank, N.A. must specify the amount and applicable account. Each account included in any such Disbursement Request must be listed below.

Name on Deposit Account: Tabora Gardens, L.P.

Wells Fargo Bank, N.A. Deposit Account Number: _____

Further Credit Information/Instructions: N/A

Borrower acknowledges that all of the information in this Agreement is correct and agrees to the terms and conditions set forth herein and in the Additional Terms and Conditions on the following page.

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland
Executive Director

Additional Terms and Conditions to the Disbursement Instruction Agreement

Definitions. The following capitalized terms shall have the meanings set forth below:

"Authorized Representative" means any or all of the Closing Disbursement Authorizers, Subsequent Disbursement Authorizers and Restricted Account Disbursement Authorizers, as applicable.

"Receiving Bank" means the financial institution where a Receiving Party maintains its account.

"Receiving Party" means the ultimate recipient of funds pursuant to a Disbursement Request.

"Restricted Account" means an account at Wells Fargo Bank, N.A. associated with the Loan to which Borrower's access is restricted.

Capitalized terms used in these Additional Terms and Conditions to Disbursement Instruction Agreement and not otherwise defined herein shall have the meanings given to such terms in the body of the Agreement.

Disbursement Requests. Bondowner Representative must receive Disbursement Requests in writing. Verbal requests are not accepted. Disbursement Requests will only be accepted from the applicable Authorized Representatives designated in the Disbursement Instruction Agreement. Disbursement Requests will be processed subject to satisfactory completion of Bondowner Representative's customer verification procedures. Bondowner Representative is only responsible for making a good faith effort to execute each Disbursement Request and may use agents of its choice to execute Disbursement Requests. Funds disbursed pursuant to a Disbursement Request may be transmitted directly to the Receiving Bank, or indirectly to the Receiving Bank through another bank, government agency, or other third party that Bondowner Representative considers to be reasonable. Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each Disbursement will be made. Bondowner Representative may delay or refuse to accept a Disbursement Request if the Disbursement would: (i) violate the terms of this Agreement; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline; or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation.

Limitation of Liability. Bondowner Representative shall not be liable to Borrower or any other parties for: (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's requested Disbursements may be made or information received or transmitted, and no such entity shall be deemed an agent of Bondowner Representative; (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Bondowner Representative's control; or (iii) any special, consequential, indirect or punitive damages, whether or not (A) any claim for these damages is based on tort or contract or (B) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Agreement. IN NO EVENT WILL BONDOWNER REPRESENTATIVE BE LIABLE FOR DAMAGES ARISING DIRECTLY OR INDIRECTLY IF A DISBURSEMENT REQUEST IS EXECUTED BY BONDOWNER REPRESENTATIVE IN GOOD FAITH AND IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

Reliance on Information Provided. Bondowner Representative is authorized to rely on the information provided by Borrower or any Authorized Representative in or in accordance with this Agreement when executing a Disbursement Request until Bondowner Representative has received a new Agreement signed by Borrower. Borrower agrees to be bound by any Disbursement Request: (i) authorized or transmitted by Borrower; or (ii) made in Borrower's name and accepted by Bondowner Representative in good faith and in compliance with this Agreement, even if not properly authorized by Borrower. Bondowner Representative may rely solely (i) on the account number of the Receiving Party, rather than the Receiving Party's name, and (ii) on the bank routing number of the Receiving Bank, rather than the Receiving Bank's name, in executing a Disbursement Request. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower or an Authorized Representative. If Bondowner Representative takes any

actions in an attempt to detect errors in the transmission or content of transfers or requests or takes any actions in an attempt to detect unauthorized Disbursement Requests, Borrower agrees that, no matter how many times Bondowner Representative takes these actions, Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future, and such actions shall not become any part of the Disbursement procedures authorized herein, in the Loan Documents, or in any agreement between Bondowner Representative and Borrower.

International Disbursements. A Disbursement Request expressed in US Dollars will be sent in US Dollars, even if the Receiving Party or Receiving Bank is located outside the United States. Bondowner Representative will not execute Disbursement Requests expressed in foreign currency unless permitted by the Loan Agreement.

Errors. Borrower agrees to notify Bondowner Representative of any errors in the Disbursement of any funds or of any unauthorized or improperly authorized Disbursement Requests within fourteen (14) days after Bondowner Representative's confirmation to Borrower of such Disbursement. If Bondowner Representative is notified that it did not disburse the full amount requested in a Disbursement Request, Bondowner Representative's sole liability will be to promptly disburse the amount of the stated deficiency. If Bondowner Representative disburses an amount in excess of the amount requested in a Disbursement Request, Bondowner Representative will only be liable for such excess amount to the extent that Borrower does not receive the benefit of such amount.

Finality of Disbursement Requests. Disbursement Requests will be final and will not be subject to stop payment or recall; provided that Bondowner Representative may, at Borrower's request, make an effort to effect a stop payment or recall but will incur no liability whatsoever for its failure or inability to do so.

**CLOSING EXHIBIT
WIRE INSTRUCTIONS**

All wire instructions must contain the following information:

- Transfer/Deposit Funds to (Receiving Party Account Name)
- Receiving Party Deposit Account Number
- Receiving Party Address (City and Country, at a minimum)*
- Receiving Bank Name, City and State
- Receiving Bank Routing (ABA) Number
- Further identifying information, if applicable (title escrow number, borrower name, loan number, etc.)

* The Receiving Party's Address must be provided for international/cross-border wire transfers. International/cross-border wire transfers are defined as: funds transfers that originate outside the U.S. and are destined for a Receiving Party in the U.S.; those that originate in the U.S. and are destined for a Receiving Party outside the U.S.; as well as those that originate outside the U.S. and are destined for a Receiving Party outside the U.S.

**SUBSEQUENT DISBURSEMENT EXHIBIT
WIRE INSTRUCTIONS**

All wire instructions must contain the following information:

- Transfer/Deposit Funds to (Receiving Party Account Name)
- Receiving Party Deposit Account Number
- Receiving Party Address (City and Country, at a minimum)*
- Receiving Bank Name, City and State
- Receiving Bank Routing (ABA) Number
- Further identifying information, if applicable (title escrow number, borrower name, loan number, etc.)

* The Receiving Party's Address must be provided for international/cross-border wire transfers. International/cross-border wire transfers are defined as: funds transfers that originate outside the U.S. and are destined for a Receiving Party in the U.S.; those that originate in the U.S. and are destined for a Receiving Party outside the U.S.; as well as those that originate outside the U.S. and are destined for a Receiving Party outside the U.S.

LOAN AGREEMENT

among

COUNTY OF CONTRA COSTA, CALIFORNIA

as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Bondowner Representative

and

TABORA GARDENS, L.P.,

as Borrower

Relating to

Up to \$_____.00

County of Contra Costa

Multifamily Housing Revenue Bonds

(Tabora Gardens Senior Apartments),

Series 2016D

Dated as of _____, 2016

The interests of the Issuer in this Agreement have been assigned to Wells Fargo Bank, National Association, as Bondowner Representative pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of _____, 2016, between the Issuer and the Bondowner Representative.

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**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

QUINT & THIMMIG LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

COUNTY OF CONTRA COSTA, CALIFORNIA

and

**TABORA GARDENS, L.P.,
a California limited partnership**

dated as of August 1, 2016

relating to:

**County of Contra Costa
Multifamily Housing Revenue Bonds
(Tabora Gardens Senior Apartments), Series 2016D**

Regulatory Agreement and Declaration
of Restrictive Covenants
14th Street Associates
December 12, 2005
Page 2

Agreement

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Agreement" or this "Regulatory Agreement"), dated as of August 1, 2016, is by and between the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "Issuer"), and TABORA GARDENS, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder, the "Borrower").

RECITALS:

WHEREAS, the Issuer proposes to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D (the "Bonds"), pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the "Act"), with the proceeds of the Bonds to be utilized to fund a loan (the "Loan") to the Borrower pursuant to the terms of a Loan Agreement, dated as of the same date as the date of this Regulatory Agreement (as supplemented and amended from time to time, the "Loan Agreement"), among Wells Fargo Bank, National Association, as bondowner representative (the "Bondowner Representative"), the Issuer and the Borrower, in order to enable the Borrower to finance a portion of the costs of the acquisition and construction of a multifamily rental housing facility (the "Project") known as Tabora Gardens Senior Apartments, consisting of 85 housing units (inclusive of one manager's unit) to be located at 3701 Tabora Drive in Antioch, California (the "City"), on the site described in Exhibit A hereto; and

WHEREAS, in order to assure the Issuer and the owners of the Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under the Code and to satisfy the public purposes for which the Bonds are authorized to be issued under the Act, and to satisfy the purposes of the Issuer in determining to issue the Bonds, certain limits on the occupancy of units in the Project need to continue to be satisfied and certain other requirements need to be met.

AGREEMENT:

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Issuer and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, in Section 1.01 of the Indenture, dated as of the same date as the date of this Regulatory Agreement, between the Issuer and Wells Fargo Bank, National

Association, as Bondowner Representative, or in Section 1.1 of the Loan Agreement (as defined in the Recitals to this Regulatory Agreement).

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Law, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

“Affiliated Party” means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Affordable Rents” means thirty percent (30%) of an amount equal to sixty percent (60%) of the median gross income for the Area, adjusted for household size (as described in the definition of “Lower Income Tenant” in this Section 1), less a utility allowance calculated as set forth in U.S. Treasury Regulation Section 1.42-10.

“Area” means the metropolitan statistical area in which the Project is located.

“Area Median Gross Income” means the median gross income for the Area, as determined by the Secretary of the Treasury in a manner consistent with determination of lower-income families and area median gross income under Section 8 of the Housing Law and Section 3009a of the Housing and Economic Recovery Act of 2008, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

“CDLAC” means the California Debt Limit Allocation Committee.

“CDLAC Resolution” means Resolution No. 16-12 adopted by CDLAC on March 16, 2016, with respect to the Project.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Administrator, on behalf of the Issuer, and the Bondowner Representative pursuant to Section 4(e) hereof, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit E, or in such other comparable form as may be provided by the Issuer to the Borrower, or as otherwise approved by the Issuer.

“City” means the City of Antioch, California.

“Closing Date” has the meaning given to such term in the Indenture.

“Completion Certificate” means the certificate of completion of the construction Project required to be delivered to the Issuer by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” means the date of completion of the acquisition and construction of the Project, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“County” means the County of Contra Costa, California.

“FOCUS Program” means (a) the FOCUS Compliance Verification Program (user’s guide located at www.housingcompliance.org/contracosta) utilized by the Issuer to verify the Borrower’s compliance with various requirements of this Regulatory Agreement; or (b) any similar program used by the Issuer, in the substitution for the program described in the preceding clause (a), to verify the Borrower’s compliance with various requirements of this Regulatory Agreement.

“Housing Law” means the United States Act of 1937, as amended, or its successor.

“HUD” means the United States Department of Housing and Urban Development, or any successor thereto.

“Inducement Date” means December 8, 2015, being the date on which the Issuer adopted its Resolution No. 2015/455, expressing its intent to issue the Bonds to finance the Project.

“Issuer Annual Fee” means: for the period from the Closing Date to but not including August 1, 2017, an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Bonds; and, thereafter, on each August 1 during the remainder of the Qualified Project Period, commencing August 1, 2017, an amount equal to the greater of (a) one-eighth of one percent of the then outstanding principal amount of the Bonds, or (b) \$5,000.00.

“Issuer Issuance Fee” means an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Bonds.

“Low Income Tenant” means individuals or families whose Adjusted Income does not exceed fifty percent (50%) of Area Median Gross Income; provided, however, that if all the occupants of a Low Income Unit are students (as defined in Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, the occupants of that Low Income Unit shall in no event be deemed to be “Low Income Tenants.” The Adjusted Income of individuals and Area Median Gross Income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and Area Median Gross Income under Section 8 of the Housing Law (or, if such program is terminated, under such program in effect immediately before such termination). Determinations under the preceding

sentence shall include adjustments for family size as prescribed under Section 8 of the Housing Law.

“Low Income Units” means the units in the Project required to be rented, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a) and 6(a) hereof.

“Manager” means the property manager of the Project.

“Project” means the multifamily rental housing development known as Tabora Gardens Senior Apartments, located on the real property site described in Exhibit A hereto, and consisting of those facilities, including the Borrower’s fee interest in the real property described in Exhibit A hereto, structures, buildings, fixtures or equipment, as may at any time exist on such real property, the acquisition or construction of which is to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Borrower pursuant to the Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“Project Costs” means, to the extent authorized by the Act, the Code and the Regulations, any and all costs and expenses incurred by the Borrower with respect to the acquisition and construction of the Project, whether paid or incurred prior to or after the Closing Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the acquisition and construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during the construction of the Project and prior to the Completion Date.

“Qualified Project Costs” means Project Costs that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and construction of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by an Affiliate Party (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliated Party in constructing the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (C) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not

include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition or construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds, such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified Project Costs" shall not include costs related to the acquisition or construction of any office or commercial space not functionally related to the dwelling units in the Project.

"Qualified Project Period" means the period beginning on the first date on which at least ten percent (10%) of the units in the Project are first occupied, and ending on the later of (a) the date which is 15 years after the date on which at least fifty percent (50%) of the residential units in the Project are first occupied, (b) the first day on which no Tax-Exempt private activity bond issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Act of 1937 terminates, or (d) the date on which Bonds are paid in full; provided that, unless otherwise amended or modified in accordance with the terms hereof, the Qualified Project Period for purposes of this Regulatory Agreement shall be 55 years from the Closing Date, as required by the CDLAC Resolution. For purposes of clause (b), the term "private activity bond" has the meaning contemplated in Section 142(d)(2)(A)(ii) of the Code.

"Regulations" means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

"Regulatory Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

"Tax-Exempt" means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax, under the Code.

"Verification of Income" means a Verification of Income in the form attached to this Regulatory Agreement as Exhibit F, or in such other form as may be provided by the Issuer to the Borrower.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. The Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Borrower. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Bondowner Representative on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Loan to be applied in a manner contrary to the requirements of the Loan Agreement or this Regulatory Agreement.

(c) The Borrower will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds (it being acknowledged, however, that the foregoing does not apply to Bonds owned by a "substantial user" of the Project or a "related person" to the Borrower within the meaning of Section 147(a) of the Code), or the exemption from California personal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds (it being acknowledged, however, that the foregoing does not apply to Bonds owned by a

“substantial user” of the Project or a “related person” to the Borrower within the meaning of Section 147(a) of the Code).

(e) The acquisition by the Borrower of the Project and the commencement of the construction of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Loan pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Loan.

(f) The Borrower will proceed with due diligence to complete the acquisition and construction of the Project and the full expenditure of the proceeds of the Loan. The Borrower reasonably expects to complete the Project and to expend the full \$ _____ principal amount of the Loan for Project Costs by _____ 1, 20__.

(g) The Borrower’s reasonable expectations respecting the total expenditure of the proceeds of the Loan have been accurately set forth in a certificate of the Borrower delivered to the Issuer on the Closing Date. At all times, the aggregate disbursements of the proceeds of the Loan will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-seven percent (97%) or more of such disbursements, and less than twenty-five percent (25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) The Borrower will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of the Loan Agreement, this Regulatory Agreement, the Act or the Code.

(i) On the Completion Date, the Borrower shall deliver to the Issuer and the Bondowner Representative a duly executed Completion Certificate.

(j) The Borrower acknowledges that the Issuer may appoint an Administrator other than the Issuer to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Issuer or the Administrator to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer.

(k) Within thirty (30) days after the date on which fifty percent (50%) of the dwelling units in the Project are first occupied, the Borrower will submit to the Issuer (with a copy to the Bondowner Representative), and will cause to be recorded in the County Recorder’s office, a duly executed and completed Certificate as to Commencement of Qualified Project Period in the form of Exhibit D hereto.

(l) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being “arbitrage bonds” under the Code.

(m) All of the proceeds of the Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bonds will be used to pay issuance costs of the Bonds, within the meaning of Section 147(g) of the Code.

(n) The Borrower shall file the annual certification required by Section 142(d)(7) of the Code with the Internal Revenue Service, and shall provide a copy thereof to the Administrator and the Bondowner Representative.

(o) No portion of the proceeds of the Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Bonds shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(p) In accordance with Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Bonds.

(q) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate.

(r) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code.

(s) The Borrower shall remit to Old Republic Title Company, on the Closing Date, the amount of the Initial Disbursement (as defined in the Indenture), to be used to pay Project Costs.

(t) Notwithstanding the provisions of Section 6.33(c) of the Loan Agreement, and in addition thereto, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Bonds have been paid in full, determining that either (i) no excess investment earnings subject to

rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Bonds in the prior five-year period (or, with respect to the final such report following the repayment of the Bonds, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen during the prior five-year period (or, with respect to the final such report following the repayment of the Bonds, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Issuer, each time within one week of its receipt of the same from the independent firm that prepared the respective report.

(u) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Bonds to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds to assist the Borrower in rehabilitating, constructing and developing the Project.

Section 3. Qualified Residential Rental Project. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project is being acquired and constructed, and will be operated for the purpose of providing multifamily residential rental property. The Borrower will construct, own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and each dwelling unit in the Project will contain complete, separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis and the Borrower will not rent any of the units for a period of less than thirty (30) consecutive days, and none of the dwelling units in the Project will at any time be leased or rented for use as a hotel, motel, dormitory, fraternity house, sorority

house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period (except that the Borrower may obtain final map approval and the Final Subdivision Public Report from the California Bureau of Real Estate and may file a condominium plan with the City).

(e) All of the dwelling units in the Project will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come first-served basis, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for resident managers or other administrative use, or (ii) to the extent that dwelling units are required to be leased or rented to Low Income Tenants hereunder, or (iii) to the extent required under the Permitted Restrictions (as defined in the Loan Agreement) expressly identified in the Loan Agreement as of the Closing Date, including any requirements therein for units to be rented to seniors.

(f) The Project site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. AFDC, SSI), physical disability, age (except as required by any of the documents described in clause (iii) of Section 3(e) above), national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of dwelling units in the Project.

(i) The Borrower will not sell dwelling units within the Project.

(j) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after

the Closing Date which prevents the Issuer from enforcing the requirements of the applicable Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the applicable Regulations, it will either prepay the Loan or, if permitted under the provisions of the Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code and CDLAC, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, not less than twenty percent (20%) of the units in the Project will be occupied by, or held vacant and available for occupancy by, Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant. Until such next available unit is rented to a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the Low Income Unit requirements of Section 4(a) hereof until the rental of an available unit of comparable or smaller size to a tenant who is not a Low Income Tenant.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Verifications of Income for each Low Income Tenant, including (i) a Verification of Income dated immediately prior to the initial occupancy of such Low Income Tenant in the unit, and (ii) thereafter, an annual Verification of Income with respect to each Low Income Tenant within thirty days before or after the anniversary of such tenant's initial occupancy of a unit in the Project. In lieu of obtaining an annual Verification of Income, the Borrower may, with respect to any particular twelve-month period ending March 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of March 1, no Low Income Unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify

the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Verifications of Income for tenants.

The Borrower also will provide such additional information as may be required in the future by the State, by the Issuer, by CDLAC and by the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Issuer, copies of Verification of Income for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Issuer, as requested.

The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit any duly authorized representative of the Issuer, the Administrator, the Bondowner Representative, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) The Borrower will prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period rent rolls and other information required by the FOCUS Program. The Borrower will also prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period to the Administrator (with a copy to the Bondowner Representative), a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the aggregate of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection (a) hereof, by Low Income Tenants during the preceding applicable quarterly period; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default

has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default.

During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

Upon the written request of the Issuer, the Borrower agrees to provide such information or reports as are necessary, in the reasonable opinion of the Issuer, to enable the Issuer to respond to reporting requirements imposed on the Issuer by the Internal Revenue Service, CDLAC or other authorities having regulatory authority with respect to the Bonds.

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Bondowner Representative or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that if upon any such certification such tenant's Adjusted Income exceeds the applicable Low Income Tenant income limit under Section 4(b), such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase.

Section 4A. Additional Requirements of the Issuer. In addition to the requirements set forth elsewhere in this Regulatory Agreement and to the extent not prohibited by the requirements set forth in Sections 4, 5 and 6 hereof, the Borrower hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 4A, as follows:

(a) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination upon reasonable notice (which need not be in excess of three Business Days, as defined in the Indenture) and during business hours by representatives of the Issuer.

(b) The Borrower shall not discriminate on the basis of race, creed, color, religion, sex, sexual orientation, marital status, national origin, source of income (e.g. AFDC and SSI), ancestry or handicap in the lease, use or occupancy of the Project (except as required to comply with Section 3(e)(iii)), or in connection with the employment or application for employment of persons for the construction, operation, or management of the Project.

(c) The Borrower shall not permit occupancy in any unit in the Project by more than (i) two persons per bedroom in the unit, plus (ii) one person; and the Borrower shall at all times offer for rent the largest unit then available for the applicable household size (being one bedroom units for 2-3 person households, and two bedroom units for 4-5 person households).

(d) The Borrower shall pay directly to the Issuer (i) on the Closing Date the Issuer Issuance Fee and the Issuer Annual Fee for the period from the Closing Date to but not including April 1, 2017, and (ii) on each April 1, on and after April 1, 2017, the Issuer Annual Fee; without in either case any requirement for notice or billing of the amount due. In addition, the Borrower shall pay to the Issuer promptly following receipt of an invoice that reasonably identifies the relevant expenses and the amounts thereof, any out of pocket expenses incurred by the Issuer in connection with the Bonds, the Indenture, this Regulatory Agreement or the Loan Agreement, including but not limited to any costs related to the FOCUS Program.

(e) The rent limits set forth in Sections 6(b) and 6(f) shall apply to all Low Income Units. In addition, the rental payments paid by Low Income Tenants for the Low Income Units shall not exceed Affordable Rents.

(f) The Borrower will 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 Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective tenants, nor shall the Borrower apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of units by such prospective tenants.

(g) The Borrower shall submit to the Issuer: (i) rent rolls and other information required by the FOCUS Program on a quarterly basis as specified in Section 4(e), and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(h) The Borrower shall indemnify the Issuer as provided in Section 9 hereof and Sections 6.23 and 16.30 of the Loan Agreement.

(i) The Issuer may, at its option and at its expense, at any time appoint an Administrator to administer this Agreement or any provision hereof and to monitor performance by the Borrower of all or of any of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by

the Issuer to deliver to such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by such administrator as an agent of the Issuer.

(j) The Borrower shall submit its written management policies with respect to the Project, if any, to the Issuer for its review, and shall amend such policies in any way necessary to insure that such policies comply with the provisions of this Regulatory Agreement and the requirements of the existing program under Section 8 of the Housing Law, or its successors. The Borrower shall not promulgate management policies which conflict with the provisions of the addendum to the form of lease for the Project prepared by the Housing Authority of Contra Costa County, and shall attach such addendum to leases for tenants which are holders of Section 8 certificates.

(k) The Borrower shall screen and select tenants for desirability and creditworthiness at its discretion; provided, however, that the Borrower shall consider a prospective tenant's rent history for at least the one year period prior to application as evidence of the tenant's ability to pay the applicable rent.

(l) At least six months prior to the expiration of the Qualified Project Period the Borrower shall provide by first-class mail, postage prepaid, a notice to all tenants in the Low Income Units containing (i) the anticipated date of the expiration of the Qualified Project Period, (ii) any anticipated rent increase upon the expiration of the Qualified Project Period, (iii) a statement that a copy of such notice will be sent to the Issuer, and (iv) a statement that a public hearing may be held by the Issuer on the issue and that the tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. The Borrower shall also file a copy of the above-described notice with the Community Development Bond Program Manager of the Department of Conservation and Development of the Issuer.

(m) Notwithstanding Section 1461 of the Civil Code, the provisions of this Section shall run with land and may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with the provisions of this Section.

(n) The Borrower shall not participate in any refunding of the Bonds or the Loan by means of the issuance of bonds or other obligations by any governmental body other than the Issuer.

(o) Each of the requirements of Sections 3, 4, 6 and 7 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by California or federal law.

(p) The requirements of Section 6 and this Section 4A shall be in effect for the Qualified Project Period.

Any of the foregoing requirements of the Issuer contained in this Section 4A may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement of this Section 4A shall, or shall be deemed to, extend to or affect any other provision of this

Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 4A shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Section 5. Tax-Exempt Status of the Bonds. The Borrower and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Issuer will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Bonds and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Borrower, the Issuer and the Bondowner Representative, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth elsewhere in this Regulatory Agreement, so long as the Bonds are outstanding the Borrower hereby agrees to comply with each of the requirements of the Act applicable to the Project. Without limiting the foregoing, the Borrower agrees as follows:

(a) As provided in Section 52080(a)(1)(A) of the Act, twenty percent (20%) or more of the completed residential units in the Project shall be occupied by, or held vacant and available for occupancy by, individuals whose income is 50 percent or less of area median income, within the meaning of Section 52080(a)(1)(A) of the Act (it being acknowledged that units required to be set aside for Low Income Tenants pursuant to Section 4(a) may be counted for purposes of satisfying the requirements of this Section 6(a) if the related Low Income Tenants otherwise satisfy the requirements of this Section 6(a)).

(b) The rental payments paid by the occupants of the units described in paragraph (a) of this Section (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed thirty percent of fifty percent of area median income.

(c) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, Low Income Tenants who are recipients of federal certificates or

vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Law. The selection criteria applied to certificate holders under Section 8 of the Housing Law shall not be more burdensome than the criteria applied to all other prospective tenants.

(d) The Borrower shall ensure that units occupied as required by paragraph (a) of this Section are of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants.

(e) As provided in Section 52080(e) of the Act, the Project may be syndicated after prior written approval of the Issuer. The Issuer shall grant that approval only after it determines that the terms and conditions of the syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements in this Agreement to be subordinated to the syndication agreement, or (3) shall not result in the provision of fewer assisted units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement. The Issuer hereby acknowledges that this Section 6(e) does not apply to any syndication of federal tax credits for the Project.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant to Section 6(a) shall remain available to any eligible household occupying a reserved unit at the date of such expiration or termination, at a rent not greater than the amount required by Section 6(b), until the earliest of any of the following occur:

(1) The household's income exceeds 140 percent of the maximum eligible income specified in Section 6(a).

(2) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health, safety, occupancy or quiet enjoyment of other persons or the structure, the fiscal integrity of the Project or the purposes or special programs of the Project.

(3) Thirty years after the date of commencement of the Qualified Project Period.

(4) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) Except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, during the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to eligible households reserved units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(h) This Section shall not be construed to require the Issuer to monitor the Borrower's compliance with the provisions of paragraph (f), or that the Issuer shall have any liability whatsoever in the event of the failure by the Borrower to comply with any of the provisions of this Agreement.

(i) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(j) This Regulatory Agreement shall be recorded in the office of the county recorder of the County, and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Issuer as grantee.

Section 7. CDLAC Requirements. The Borrower shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and are made a part hereof. The Borrower shall prepare and submit to CDLAC (with a copy to the Issuer), at the times required by CDLAC, (a) a Certificate of Compliance in substantially the form attached hereto as Exhibit B hereto (or in such other form as CDLAC may require), executed by an authorized representative of the Borrower; and (b) such other form or forms as may be required by CDLAC related to the Borrower's compliance with the CDLAC Conditions.

The Borrower acknowledges that the CDLAC Conditions include the following:

(a) 84 of the units in the Project be restricted for a term of 55 years, all of which units must be rented or held vacant and available for rental for persons or families whose income is at 50% or below of the Area Median Gross Income.

(b) A minimum of \$18,431,356 of public funds will be expended for the Project.

(c) The Project and/or the financing must comply with the requirements in paragraphs 9 thru 14, 16, 24 and 25 of Exhibit A to the CDLAC Resolution.

The Borrower will promptly provide any information requested by the Issuer in order for the Issuer to complete any Annual Applicant Public Benefit and On-going Compliance Self Certification or otherwise comply with any regulations of CDLAC applicable to the CDLAC Resolution, the CDLAC Conditions, the Bonds or the Project, including but not limited to Section 5144 of Article 11 of the CDLAC regulations.

The requirements of this Section 7 may be waived in writing by CDLAC in its sole and absolute discretion, without the consent of the Issuer. CDLAC and the Issuer each shall have the

right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owners of the Bonds.

Section 8. Modification of Covenants. The Borrower and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Bondowner Representative and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Bondowner Representative and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements, but only by written amendment signed by the Issuer, in its sole discretion, and the Borrower, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Bonds or violate the requirements of the Act, and is otherwise in accordance with Section 22 hereof.

(c) The Borrower and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Issuer hereby appoints the Bondowner Representative as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by Bond Counsel, as evidenced by receipt of the opinion required by paragraph (b) above) if either the Borrower or the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer or the Borrower, the Bondowner Representative shall take no action under this subsection (c) without first notifying the Borrower or the Issuer, or both of them, as is applicable, and without first providing the Borrower or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Bondowner Representative to execute an amendment to this Regulatory Agreement on behalf of the Issuer.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of Bond Counsel is required or requested to be delivered hereunder after the Closing Date, the Bondowner Representative, the Issuer and the Borrower shall accept (unless otherwise directed in writing by the Issuer) an opinion of Bond Counsel in such form and with such

disclaimers as may be required so that such opinion will not be treated as a “covered opinion” for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

Section 9. Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Bondowner Representative, and each of their respective past, present and future Supervisors, officers, directors, officials, employees and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Loan Agreement, the Loan or this Regulatory Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower to the Issuer and the Bondowner Representative hereunder or under the Loan Agreement, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(iv) any violation of the provisions of Article 9 of the Loan Agreement;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable; or

(viii) the Bondowner Representative's acceptance or administration of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Bondowner Representative or any of its respective Supervisors, officers, directors, officials, employees and agents, to the extent such damages are caused by the gross negligence or willful misconduct of an Indemnified Party; or (B) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees and agents, to the extent, with respect to any such Indemnified Party, such damages are caused by the willful misconduct of the respective Indemnified Party seeking indemnification. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4A(a), this Section 9 and Section 20 shall survive the final payment or defeasance of the Bonds and in the case of the Bondowner Representative any resignation or removal. The provisions of this Section shall survive the termination of this Regulatory Agreement.

(c) The Borrower acknowledges that its obligations under this Section 9 are not subject to the non-recourse provisions of the Loan Agreement or Section 29 hereof (collectively, the "Non-Recourse Provisions"); provided, however, that nothing contained in this Section 9 shall otherwise change or modify the applicability of the Non-Recourse Provisions to the Borrower's other obligations under this Regulatory Agreement, or cause the obligation of the Borrower to pay principal and interest on the Loan or amounts owing with respect to the Bonds to be a recourse obligation of the Borrower.

(d) The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Issuer or the Bondowner Representative or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate

indemnification obligation of the Borrower. The Issuer and the Bondowner Representative shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 10. Consideration. The Issuer has agreed to issue the Bonds to provide funds to lend to the Borrower to finance the acquisition and construction of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, in the exemption from State personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Bondowner Representative may rely upon statements and certificates of the Low Income Tenants, and upon audits, if any, of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Bondowner Representative may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Bondowner Representative hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Issuer shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Issuer or the Bondowner Representative by the Borrower with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Sale or Transfer of the Project. For the Qualified Project Period, the Borrower shall not, except as provided below and in accordance with the Loan Agreement and the Deed of Trust, sell, transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Issuer, which consent shall be given as promptly as practicable following: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Borrower shall not be in default hereunder or under the Loan Agreement (which may be evidenced by a certificate of the Borrower) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local government requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity which is to acquire the Project

does not have pending against it, and does not have a history of, building code violations or significant and material complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the purchaser or assignee of any document requested by the Issuer with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and the Loan Agreement, including without limitation an instrument of assumption hereof, and delivery to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee; (C) receipt by the Issuer of an opinion of Bond Counsel addressed to the Issuer and the Bondowner Representative to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; (D) receipt by the Issuer and Bondowner Representative of all fees and/or expenses then currently due and payable to the Issuer and Bondowner Representative; and (E) satisfaction of such other conditions or matters as are set forth in the Loan Agreement and the Deed of Trust. The Issuer hereby consents to a transfer of the Project by the Borrower to its general partner or its affiliate, if the Issuer receives the documents listed in the preceding sentence. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Nothing in this Section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully and automatically released from its obligations hereunder to the extent such obligations have been assumed by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 12, except that no consent of the Issuer shall be required in the case of any transfer of the Project to a wholly owned subsidiary of the Borrower if any applicable conditions set forth in the Loan Agreement and any conditions set forth in the Deed of Trust are satisfied.

Notwithstanding anything contained in this Section 12 to the contrary, neither the consent of the Issuer nor the delivery of items (A) through (E) of the preceding paragraph shall be required in the case of (a) the execution, delivery and recordation by Borrower of any mortgage or deed of trust encumbering all or any part of the Project, or (b) a foreclosure or deed in lieu of foreclosure by the Bondowner Representative whereby the Bondowner Representative or a purchaser at a foreclosure sale becomes the owner of the Project, and nothing contained in this Section 12 shall otherwise affect the right of the Bondowner Representative or a purchaser at a foreclosure sale to foreclose on the Project or to accept a deed in lieu of foreclosure. In addition, the provisions of this Section 12 shall not apply to (i) the replacement of the initial managing general partner of the Borrower by an entity formed by or that is a subsidiary of the initial managing general partner of the Borrower, (ii) any transfer of limited partnership interest in the Borrower, (iii) any transfer of interests in any limited partner of the Borrower, or (iv) any transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of a limited partner of the Borrower.

For the Qualified Project Period, the Borrower shall not: (1) except pursuant to the provisions of this Regulatory Agreement, the Loan Agreement and the Deed of Trust (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bonds), permit the conveyance or transfer of any part of the Project; (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and discharge of the Indenture, the Loan Agreement and the Deed of Trust.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Issuer and the Bondowner Representative from enforcing such provisions, or condemnation, foreclosure, transfer of title by deed in lieu of foreclosure, or a similar event, but only if, within a reasonable period, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project which meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1489 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in interest to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or

any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of thirty (30) days after notice thereof shall have been given by the Issuer or the Bondowner Representative to the Borrower (with a copy to the Investor Limited Partner), or for a period of thirty (30) days from the date the Borrower should, with due diligence, have discovered such default, then the Issuer or the Bondowner Representative, acting on its own behalf or on behalf of the Issuer (to the extent directed in writing by the Issuer, subject to the provisions of the Indenture), shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within thirty (30) days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said thirty (30) days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within thirty (30) days will not adversely affect the Tax-Exempt status of interest on the Bonds. The Issuer and the Bondowner Representative shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary in the opinion of Bond Counsel to insure compliance with the Act or the Code.

Any limited partner of the Borrower shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Bondowner Representative agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

Following the declaration of an Event of Default hereunder the Issuer, or the Bondowner Representative may, at their respective options, take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants

hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Bondowner Representative hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder;

(iv) declare a default under the Loan Agreement and (subject to any applicable cure periods set forth in the Loan Agreement) proceed with any remedies provided therein; and

(v) order and direct the Borrower in writing to terminate the then Manager of the Project and to select a replacement Manager reasonably satisfactory to the Issuer within 60 days of such written direction, and to notify the Issuer in writing of the identity of the replacement Manager.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

The Bondowner Representative shall have the right (but no obligation), in accordance with this Section and the provisions of the Indenture, without the consent or approval of the Issuer, to exercise any or all of the rights or remedies of the Issuer hereunder; provided that prior to taking any such action the Bondowner Representative shall give the Issuer written notice of its intended action. After the Indenture has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Bondowner Representative.

All fees, costs and expenses of the Bondowner Representative and the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid the Deed of Trust or any like encumbrance upon the Project or any portion thereof given in good faith and for value.

Section 18. References to Bondowner Representative. After the date on which no Bonds remain outstanding under the Indenture, all references to the Bondowner Representative in this Regulatory Agreement shall be deemed references to the Issuer.

Section 19. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed

in the real property records of the County and in such other places as the Issuer or the Bondowner Representative may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower and the Issuer will file of record such other documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Bondowner Representative, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person (other than in any document granting a security interest to the Bondowner Representative and, provided, however, that no such assignment shall be required in connection with the transfer of the Project to the Bondowner Representative or to the Bondholders by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan) to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Administration Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Issuer its fees described in Section 4.A.(d) and in the event of default, to the Administrator, the Issuer and to the Bondowner Representative reasonable compensation for any services rendered by either of them hereunder and reimbursement for all expenses reasonably incurred by any of them in connection therewith.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State applicable to contracts made and performed in the State.

Section 22. Amendments; Waivers. (a) Except as otherwise provided in Section 8 above, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title and the Bondowner Representative, and duly recorded in the real property records of the County, and only upon receipt by the Issuer and the Bondowner Representative of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds and is not contrary to the provisions of the Act.

(b) Anything to the contrary contained herein notwithstanding, the Issuer and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bonds remain Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement and the Bondowner Representative of the proposed amendment, with a copy of such requested amendment to Bond Counsel and a request that such Bond Counsel render to the Issuer and the Bondowner Representative an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Bonds. This provision shall not be subject to any provision

of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses set forth below or at such other addresses as may be specified in writing by the parties hereto.

If to the Issuer or the Administrator:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94533 Attention: Community Development Bond Program Manager
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If to the Bondowner Representative:	Wells Fargo Bank, National Association 4747 Executive Drive, 3 rd Floor San Diego, California 92121 Attention: Loan Administrator
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with a copy to:	Wells Fargo Bank, National Association 333 Market Street, 18 th Floor MAC A0119-183 San Francisco, California 94105 Attention: Loan Administration Officer
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The Borrower:	Tabora Gardens, L.P. c/o Satellite Affordable Housing Associates 1835 Alcatraz Ave Berkeley, CA 94703 Attention: Executive Director
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with a copy to:	Gubb & Barshay LLP 505 14th Street, Suite 1050 Oakland, California 94612 Attention: Scott Barshay, Esq.
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and a copy to:	<hr/> c/o Raymond James Tax Credit Funds, Inc. 880 Carillon Parkway St. Petersburg, Florida 33716 Attention: _____
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and a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California 90071
Attention: Rachel Rosner, Esq.

A copy of each notice hereunder to the Issuer or the Administrator shall also be given to the Bondowner Representative. The Issuer, the Administrator, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission.

Section 24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Third Party Beneficiaries; Enforcement. The Bondowner Representative, the Investor Limited Partner and CDLAC are intended to be and shall each be a third party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions (as defined in Section 7) and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owners of the Bonds. Pursuant to Section 52080(k) of the Act, the requirements of Section 6 may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with the requirements of that Section.

Section 27. The Bondowner Representative. The Bondowner Representative shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Bondowner Representative, either on its own behalf or as the agent of and on behalf of the Issuer, may, in its sole discretion, act hereunder and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Bondowner Representative. In connection with any such performance, all provisions of the Indenture relating to the rights, privileges, powers and protections of the Bondowner Representative shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Bondowner Representative in connection with this Regulatory Agreement. Neither the Bondowner Representative nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Bondowner Representative may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Bondowner Representative may at all times assume compliance with this

Regulatory Agreement unless otherwise notified in writing by or on behalf of the Issuer, or unless it has actual knowledge of noncompliance.

After the date on which no Bonds remain outstanding as provided in the Indenture, the Bondowner Representative shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Bondowner Representative in this Regulatory Agreement shall be deemed references to the Issuer.

Section 28. No Interference or Impairment of Loan. Notwithstanding anything herein to the contrary, (i) the occurrence of an event of default under this Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Loan Documents (as defined in the Loan Agreement), except as may be otherwise specified in the Loan Documents, and shall not impair, defeat or render invalid the lien of the Deed of Trust and (ii) neither of the Issuer nor any other person (other than the Bondowner Representative) shall:

- (a) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Loan;

- (b) interfere with or attempt to interfere with or influence the exercise by the Bondowner Representative of any of its rights under the Loan Agreement, including, without limitation, the Bondowner Representative remedial rights under the Loan Documents upon the occurrence of an event of default by the Borrower under the Loan; or

- (c) upon the occurrence of an event of default under the Loan Agreement, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan, it being understood and agreed that the Issuer may not, without the prior written consent of the Bondowner Representative, on account of any default under this Regulatory Agreement, seek, in any manner, to cause the Loan to become due and payable, to enforce the Loan Agreement or to foreclose on the Deed of Trust or cause the Bondowner Representative to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable, or cause the Bondowner Representative to foreclose or take any other action under the Bond Documents (as defined in the Loan Agreement), the Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the foregoing actions, events or results.

No person other than the Bondowner Representative shall have the right to declare the principal balance of the Loan to be immediately due and payable or to initiate foreclosure or other like action.

The foregoing prohibitions and limitations shall not in any way limit the rights of the Issuer to specifically enforce this Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Code and the Act, and shall not be construed to limit the rights of the Issuer to enforce its rights against the

Borrower under the indemnification provisions of the Regulatory Agreement provided that the prosecution of a claim for indemnification shall not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, construction, composition, reorganization, conservation or other similar law in effect now or in the future.

Notwithstanding anything in this Regulatory Agreement to the contrary, any right of the Issuer to take any action at law or in equity to enforce the obligations, covenants and agreements of the Borrower under this Regulatory Agreement which includes any claim for indemnification, damages or any other monetary obligation sought to be enforced shall be subject and subordinate in all respects to the repayment in full of all amounts due on the Loan under the Loan Documents.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages shall not be secured by or in any manner constitute a lien on the Project, and the Issuer shall not have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner unless specifically assumed in writing by a subsequent owner, including, but not limited to, any payment or indemnification obligation. Such obligations shall be personal to the person who was the owner of the Project at the time the default or breach was alleged to have occurred and such person shall remain liable for any and all damages occasioned by the default or breach even after such person ceases to be the owner of the Project.

Notwithstanding the above, the provisions of this Section 28 shall not in any way limit or alter the Issuer's authority, power or activities as a governmental regulatory agency pursuant to applicable laws and regulations relating to the Project or otherwise.

Section 29. Limitation on Borrower Liability. Notwithstanding any other provision or obligation to the contrary contained in this Regulatory Agreement, and except for the Borrower's obligations under Section 9 of this Regulatory Agreement (which are not subject to the provisions and limitations of this Section 29) (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Bondowner Representative or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the revenues therefrom, including the amount held in the funds and accounts created under the Indenture and the Loan Documents (as defined in the Loan Agreement), or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, in any action or proceeding brought to enforce any term or provision of this Regulatory Agreement (other than any obligation to pay principal and/or interest), no deficiency or other personal judgment, nor any order or decree of specific performance (other

than pertaining to this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture and the Loan Documents (as defined in the Loan Agreement), any rights of the Borrower under the Indenture and the Loan Documents (as defined in the Loan Agreement) or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement.

Nothing in this Section 29 or elsewhere in this Regulatory Agreement shall be construed as limiting, waiving or otherwise affecting the direct recourse liability of Borrower and its general partners under the Loan Documents and/or the liability of the applicable guarantor(s) under the Guaranty (as defined and described in the Loan Agreement).

Section 30. Limited Liability. All obligations of the Issuer incurred under this Regulatory Agreement shall be limited obligations, payable solely and only from Bond proceeds and other amounts derived by the Issuer from the Loan or otherwise under the Loan Agreement.

Section 31. Conflict With Other Affordability Agreements. In the event of any conflict between the provisions of this Regulatory Agreement and any agreement referenced in Section 3(e)(iii) hereof, the provisions providing for the most affordable units, with the most affordability, in the Development shall prevail, so long as at all times the requirements of Section 2, 3, 4, 4A, 6 and 7 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e)(iii) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

IN WITNESS WHEREOF, the Issuer and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
John Kopchik,
*Director, Department of Conservation
and Development*

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit,
corporation
its manager

By: _____
Susan Friedland,
Executive Director

03007.34:j14117

[Signature Page to Regulatory Agreement and Declaration of Restrictive Covenants –
Tabora Gardens Senior Apartments]

NOTARY ACKNOWLEDGMENT

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

County of _____

} SS.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

NOTARY ACKNOWLEDGMENT

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

County of _____

} SS.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

THE FOLLOWING LAND SITUATED IN THE CITY OF ANTIOCH, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

[insert final legal description]

Assessor's Parcel Number: _____

EXHIBIT B

FORM OF CERTIFICATE OF COMPLIANCE (CDLAC RESOLUTION)

Project Name: Tabora Gardens Senior Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: County of Contra Costa

CDLAC Application No.: 16-308

Pursuant to Section 13 of Resolution No. 16-12 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on March 16, 2016, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and construction projects as evidenced by attached the applicable thirty party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or construction, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT C

COMPLETION CERTIFICATE

The undersigned hereby certifies that the construction of the Project funded with proceeds of the Loan was substantially completed and all units in the Project were available for occupancy and use by tenants in the Project as of _____.

The undersigned hereby certifies that:

(1) the aggregate amount disbursed on the Loan to date is \$_____;

(2) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Loan have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(3) at least 97 percent of the amounts disbursed on the Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of all such disbursements have been used for the acquisition of land or an interest therein.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2016, between Tabora Gardens, L.P., a California limited partnership, and the County of Contra Costa, California.

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit
corporation,
its manager

By: _____
Susan Friedland,
Executive Director

EXHIBIT D

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

CONTRA COSTA COUNTY
Department of Conservation and Development
30 Muir Road
Martinez, California 94553
Attention: Community Development Bond Program Manager

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

County of Contra Costa
Multifamily Housing Revenue Bonds
(Tabora Gardens Senior Apartments), Series 2016D

The undersigned, on behalf of Tabora Gardens, L.P., a California limited partnership, hereby certifies that (complete blank information):

10% of the dwelling units in the Project financed in part from the proceeds of the captioned bonds were first occupied on _____, 20____.

50% of the dwelling units in the Project financed in part from the proceeds of the captioned bonds were first occupied on _____, 20__.

Capitalized terms used in this Certificate as to Commencement of Qualified Project Period have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2016, between Tabora Gardens, L.P., a California limited partnership, and the County of Contra Costa, California.

TABORA GARDENS, L.P., a California limited
partnership

By: _____

Its: _____

EXHIBIT E

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE TABORA GARDENS SENIOR APARTMENTS

Witnesseth that on this ____ day of _____, 20__, the undersigned, having borrowed certain funds from the County of Contra Costa, California (the "Issuer") for the purpose of financing the above-listed multifamily rental housing development (the "Project"), does hereby certify that:

A. During the preceding twelve-months (i) the Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, and (ii) ____% of the units in the Project were occupied by Low Income Tenants (minimum of 20%).

B. Set forth below is certain information regarding occupancy of the Project as of the date hereof.

1. Total Units: _____
2. Total Units Occupied: _____
3. Total Units Held Vacant and Available for Rent
to Low Income Tenants _____
4. Total Low Income Units Occupied: _____
5. % of Low Income Units to Total Units % _____%
*(equals the Total of Lines 3 and 4, divided by the
lesser of Line 1 or Line 2)*

C. The units occupied by Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project.

D. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement, the Bonds, Loan Agreement or the Deed of Trust.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

E. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2016, between the Issuer and Tabora Gardens, L.P., a California limited partnership.

Date: _____

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit
corporation,
its manager

By: _____
Susan Friedland,
Executive Director

EXHIBIT F

FORM OF VERIFICATION OF INCOME

TENANT INCOME CERTIFICATION

☐
☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____

Move-in Date: _____

(MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Property Name: Tabora Gardens Senior Apartments County: Contra Costa BIN #: _____

Address: 3701 Tabora Drive, Antioch, CA Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg.
1		HEAD				
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000 \$ _____ X

2.00%

= (J) Imputed Income

\$

Enter the greater of the total of column I, or J; imputed income

TOTAL INCOME FROM ASSETS (K)

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

II. HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM
ALL SOURCES:
From item (L) on page 1

\$

RECERTIFICATION ONLY:

Current Income Limit x 140%:
\$ _____
Household Income exceeds
140% at recertification:
☐ Yes ☐ No

Current Income Limit per Family Size: \$ _____

Household Income at Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$ _____

Utility Allowance \$ _____

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance & other
nonoptional charges)

Maximum Rent Limit for this unit: \$ _____

Rent Assistance: \$ _____

Other non-optional charges: \$ _____

Unit Meets Rent Restriction at:
0 60% 0 50% 0 40% 0 30% 0 ____%

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?
☐ Yes ☐ No

If yes, Enter student explanation*
(also attach documentation)

Enter 1-5

*Student Explanation:

1. Current TANF assistance
2. Former TANF assistance (foster children only)
3. Job Training Program
4. Single parent / dependent child
5. Married/joint return

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<p>a. Tax Credit <input type="checkbox"/></p> <p>See Part V above.</p>	<p>b. HOME <input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> ≤ 50% AMGI</p> <p><input type="checkbox"/> ≤ 60% AMGI</p> <p><input type="checkbox"/> ≤ 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>c. Tax Exempt <input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> 50% AMGI</p> <p><input type="checkbox"/> 60% AMGI</p> <p><input type="checkbox"/> 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>d. AHDP <input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> 50% AMGI</p> <p><input type="checkbox"/> 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>e.</p> <p><i>(Name of Program)</i></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> OI**</p>
--	---	---	--	--

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H - Head of Household	S - Spouse
A - Adult co-tenant	O - Other family member
C - Child	F - Foster child(ren)/adult(s)
L - Live-in caretaker	N - None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.
If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.	
Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V - Determination Of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Household Meets Income Restriction	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

**Full time is determined by the school the student attends.*

Part VIII - Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

TENANT INCOME CERTIFICATION QUESTIONNAIRE	
Name: _____	Telephone Number: ()
<input type="checkbox"/> Initial Certification # _____	BIN
<input type="checkbox"/> Re-certification	
<input type="checkbox"/> Other # _____	Unit

Income Information

YES	NO	Income Information	Monthly Gross Income
<input type="checkbox"/>	<input type="checkbox"/>	I/we am self employed. (List nature of self employment) _____	(use net income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: Name of Employer 1) _____ 2) _____ 3) _____	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives unearned income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am currently receiving child support payments. If yes, from how many persons do you receive support? _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am/are currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> I/we receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive income from real or personal property.	(use net earned income) \$ _____

Asset information

YES	NO		Interest Rate	Cash Value
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a checking account(s). If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a savings account(s) If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a revocable trust(s) If yes, list bank(s) 1) _____	_____%	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we own real estate. If yes, provide description: _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____% _____% _____%	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____% _____% _____%	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a whole life insurance policy. If yes, how many policies _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have cash on hand.		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years. If yes, list items and date disposed: 1) _____ 2) _____		\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have income from assets or sources other than those listed above. If yes, list type below: 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____

--	--	--	--

Student Status

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of persons who are all full-time students (Examples: College/University, trade school, etc.)?
<input type="checkbox"/>	<input type="checkbox"/>	Does your household anticipate becoming a full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to either of the previous two questions are you: <ul style="list-style-type: none"> • Receiving assistance under Title IV of the Social Security Act (AFDC/TANF) • Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program • Married and filing a joint tax return • Single parent with a dependent child or children and neither you nor your child(ren) are dependent of another individual
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Under penalties of perjury, I certify that the information presented on this form is true and accurate to the best of my/our knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information will result in the denial of application or termination of the lease agreement.

 PRINTED NAME OF APPLICANT/TENANT SIGNATURE OF APPLICANT/TENANT DATE

 WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Wells Fargo Bank, National Association
Community Lending and Investment
MAC #A0119-183
333 Market Street, 18th Floor
San Francisco, California 94105

Attn: Loan Administration Officer
Loan No. 1016078

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ASSIGNMENT OF DEED OF TRUST AND LOAN DOCUMENTS

This Assignment of Deed of Trust and Loan Documents ("**Assignment**") is dated as of _____, 2016, and is executed by the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (the "**Assignor**"), in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, in its capacity as Bondowner Representative (the "**Assignee**"), in accordance with that certain Indenture of Trust, dated as of _____, 2016 (the "**Indenture**"), by and between the Assignor as Issuer and the Assignee as Bondowner Representative.

Pursuant to the Indenture, Assignor is issuing up to \$_____.00 of its County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D (the "**Bonds**"). Pursuant to that certain Loan Agreement (the "**Loan Agreement**") dated as of even date herewith and executed by and among Assignor, Assignee and Tabora Gardens, L.P., a California limited partnership ("**Borrower**"), Assignor has agreed to issue the Bonds in order to fund a loan in the maximum aggregate principal amount of _____ and No/100 Dollars (\$_____.00) (the "**Loan**") to Borrower of the proceeds of the sale of the Bonds and Assignee has agreed to purchase the Bonds in order to fund the Loan. The Loan is evidenced by that certain Promissory Note Secured by Deed of Trust in the original principal amount of \$_____.00 (the "**Note**"), dated as of even date herewith and made by Borrower in favor of Assignor, and is further evidenced by the documents described in the Loan Agreement as the "Loan Documents." The Note is secured by, among other things, that certain Construction Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**"), executed by Borrower as Trustor, to American Securities Company, a California corporation, as Trustee, in favor of Assignor, as Beneficiary, encumbering that certain real property described on Exhibit A attached hereto and incorporated herein be this reference and all improvements thereon (the "**Property**").

The Deed of Trust, together with all financing and continuation statements to perfect the liens and security interests granted therein, the Loan Agreement and the Note are collectively referred to herein as the "**Deed of Trust Documents**."

The Assignor desires to assign and transfer to the Assignee all its right, title and interest to and under (but not any of its obligations which are not assignable as a matter of law) the Deed of Trust Documents, excluding all rights expressly reserved to the Assignor in the Indenture and the Deed of Trust Documents (which exclusion includes, without limitation, rights as to payment of fees and expenses and rights to indemnification and notices), and the Assignee desires to acquire the Assignor's rights, title and interest as aforesaid under the Deed of Trust Documents in accordance with the terms hereof. The Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof and to agree to provide notice, opportunity to cure and approval rights as more fully set forth herein.

The Borrower is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Deed of Trust Documents shall be effective to secure the obligations of the Borrower to the Assignee as more fully set forth therein and herein.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

Section 1. Definitions. All capitalized words and phrases not defined herein shall have the meaning ascribed to such words and phrases in the Loan Agreement.

Section 2. Assignment. The Assignor assigns, sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under (but not any of its obligations which are not assignable as a matter of law) the Deed of Trust Documents, excluding any right expressly reserved to the Assignor in the Indenture, the Loan Agreement or the other Deed of Trust Documents (which exclusion includes, without limitation, rights as to payment of fees and expenses, rights to indemnification and notices). This Assignment is made and shall be without recourse, warranty or representation of the Assignor. This Assignment is made pursuant to the Indenture, in connection with the issuance of the Bonds.

Section 3. Acceptance. The Assignee hereby accepts the assignment made pursuant to Section 2.

Section 4. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby. This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument. It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of California, without reference to the conflicts of laws of the State of California.

Section 5. Successor and Assigns. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Assignee and Assignor; provided, however, this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the Deed of Trust Documents.

[Remainder of Page Left Intentionally Blank.]

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first above written.

ASSIGNOR:

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
John Kopchik
Director, Department of Conservation
and Development

ASSIGNEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
John S. Kauh
Senior Vice President

The undersigned, being the Borrower referred to in the foregoing Assignment, hereby acknowledges receipt and acceptance thereof and consents and agrees to the assignment made therein and to the terms and provisions thereof to such Assignment.

BORROWER:

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland
Executive Director

EXHIBIT A

PROPERTY DESCRIPTION

Exhibit A to Assignment of Deed of Trust and Loan Documents

ACKNOWLEDGMENT

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)
County of _____)

On _____, 2016 before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

ACKNOWLEDGMENT

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)
County of _____)

On _____, 2016 before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

ACKNOWLEDGMENT

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)
County of _____)

On _____, 2016 before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)



Contra
Costa
County

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: APPROVAL OF HOME, HOPWA, NSP and HOUSING TRUST FUND LEGAL DOCUMENTS FOR THE
TABORA GARDENS PROJECT IN ANTIOCH

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute legal documents to loan \$700,000 in HOME Investment Partnership Act (HOME), \$650,000 in Housing Opportunities for Persons with HIV/AIDs (HOPWA), \$550,000 in Neighborhood Stabilization, and \$1,100,000 in Summer Lake Affordable Housing Trust funds to Tabora Gardens L.P., a California limited partnership, for the development of the Tabora Gardens Senior Apartment project in Antioch.

FISCAL IMPACT:

No General Fund impact. HOME Investment Partnerships Act and Neighborhood Stabilization Program funds are provided to the County on a formula allocation basis through the U.S. Department of Housing and Urban Development. (HOME CFDA# 14.239, NSP CFDA #14.218). HOPWA funds are provided to the County on a formula allocation basis through the City of Oakland (CFDA# 14.241). The County has received Summer Lake Affordable Housing Trust funds from the City of Oakley pursuant to an agreement between the County and the City of Oakley.

BACKGROUND:

On February 26, 2013, the Board of Supervisors allocated \$200,000 in Neighborhood Stabilization Program (NSP) funds, and \$800,000 in Summer Lake Affordable Housing Trust (Housing Trust) funds to Satellite Affordable Housing Associates (SAHA) for the Tabora Gardens Apartment development. On February 25, 2014, the Board of Supervisors allocated \$650,000 in Housing Opportunities for Persons with HIV/AIDs (HOPWA) funds, \$700,000 in HOME Investment Partnerships Act (HOME) funds, and an additional \$350,000 in NSP and \$300,000

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: 08/09/2016 ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Kara Douglas
925-674-7880

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

BACKGROUND: (CONT'D)

in Housing Trust funds. The total allocation of County resources is \$3,000,000.

The purpose of the Tabora Gardens Senior Apartment development is to improve the supply of multi-family rental housing affordable to and occupied by lower income senior households in East County through the construction of an 84 unit apartment building in Antioch. Five of the units will be designated as HOPWA units, four units will be designated as NSP units, eight units will be designated as Housing Trust units, and 18 units (including the other County units) will be designated HOME-assisted units. One unit will be reserved for an on-site manager. All of the County-assisted units will be affordable to households earning less than 50 percent of the area median income.

On April 12, 2016, the Board approved the HOPWA loan documents. Those documents were executed and funds were disbursed in May, 2016. This transaction will include the termination of the April, 2016 HOPWA documents and the HOPWA loan will be included in this new set of legal documents.

SAHA has formed a limited partnership, Tabora Gardens, L.P., to develop and own this project. Satellite AHA Development, Inc. is the general partner with a SAHA affiliate as the initial limited partner. Raymond James Tax Credit Funds, Inc. will replace the SAHA affiliate as the limited partner.

Additional financing for the development includes \$3,283,755 in City of Antioch funds (former redevelopment agency, Community Development Block Grant and NSP), \$5.2 million in Veteran's Housing and Homeless Prevention, \$6.9 million in State Multi-family Housing, \$12.2 million in four percent low income housing tax credits, and \$24 million in tax exempt bonds. The County is the issuer for tax exempt bonds.

HOME funds will be provided in the form of a 20-year, residual receipt loan with a three percent interest rate. HOPWA funds will be provided as a 10-year fully deferred loan with no interest. Housing Trust and NSP funds will be provided in the form of 55-year residual receipts loans with a three percent interest rate. The County will have an additional regulatory agreement to ensure that the County-assisted units remain affordable following the expiration of the 20-year HOME term and 10-year HOPWA affordability terms. The total term of affordability for all County-assisted units is 55 years. There may be some payments if the project has surplus cash flow. Affordability and use restrictions are incorporated into the County loan documents. The loan documents are attached in their substantially final form and will be executed in a form approved by County Counsel. Through this action, the DCD Director, or designee, is authorized to execute subordination agreements and estoppels that are consistent with the terms in the Loan Agreement.

National Environmental Policy Act (NEPA): HOME and HOPWA projects are subject to review under NEPA and section 24 of the Code of Federal Regulations Part 58 review. The NEPA review for this project is complete and required mitigation actions are included in the loan agreement. The City of Antioch, as the lead agency, determined the project is exempt from CEQA. The County, as the responsible agency, posted a Notice of Exemption on April 12, 2016, following Board of Supervisors action to approve the HOPWA legal documents.

Due to the high construction costs and limited revenue from the restricted rents, the total amount of the financing provided to the project will likely exceed the value of the completed project. Even though the proposed equity investment from low income housing tax credits is substantial compared to the amount of long term debt, the partnership agreement will have numerous safe guards of the investor's equity. These safe guards essentially subordinate the County's debt to the investor's equity. Therefore, the County funds may not be fully secured through the value of the property. Though the County loans out the funds it receives from the federal government, the funds are a grant to the County and do not need to be repaid to the U.S. Treasury.

CONSEQUENCE OF NEGATIVE ACTION:

Without the approval and execution of the HOME/HOPWA/NSP/Housing Trust legal documents, the project will not be constructed. Tabora Gardens Senior Apartments must close on the County bond financing by September 12, 2016, pursuant to State requirements.

CHILDREN'S IMPACT STATEMENT:

ATTACHMENTS

Tabora Intercreditor Agreement Antioch

Tabora HOME HOPWA NSP and SLTF LOAN Agreement

Tabora Development Loan Promissory Note

Tabora HOME HOPWA Regulatory Agreement

Tabora County Regulatory Agreement

Tabora Development Loan Deed of Trust

RECORDING REQUESTED PURSUANT
AND WHEN RECORDED MAIL TO:

Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

No fee for recording pursuant to
Government Code Section 27383

INTERCREDITOR AGREEMENT

(Tabora Gardens Senior Housing)

This Intercreditor Agreement (the "Agreement") is dated August____, 2016, and is among the City of Antioch, a municipal corporation (the "City"), the County of Contra Costa, a political subdivision of the State of California (the "County"), and Tabora Gardens, L.P., a California limited partnership ("Borrower"), with reference to the following facts:

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Section 1 of this Agreement.

B. Borrower is the owner of that certain real property located at 3701 Tabora Drive, in the City of Antioch, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct eighty-five (85) senior housing units on the Property (the "Development"). The Development as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

C. The County is making a loan to Borrower of Seven Hundred Thousand Dollars (\$700,000) of HOME Investment Partnerships Act Program funds, Six Hundred Fifty Thousand Dollars (\$650,000) of Housing Opportunities for Persons with AIDS Program funds, Five Hundred Fifty Thousand Dollars (\$550,000) of Neighborhood Stabilization Program 1 funds, and One Million One Hundred Thousand Dollars (\$1,100,000) of housing trust funds, for a combined total loan amount of Three Million Dollars (\$3,000,000) (the "County Loan"). The County Loan is evidenced by the following documents (among others), each of even date herewith: (i) Development Loan Agreement by and between Borrower and the County (the "County Loan Agreement"), (ii) Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing executed by Borrower for the benefit of the County (the "County Deed of Trust"), and (iii) Promissory Note executed by Borrower for the benefit of the County in the amount of the County Loan (the "County Note").

D. The City in its capacity as Successor Housing Agency to the Antioch Development Agreement previously made a loan to Satellite Housing, Inc. ("Satellite") on June 6, 2011 in the amount of Three Hundred Thousand Dollars (\$300,000) as assigned to Borrower, and concurrently herewith will be loaning additional funds to Borrower in the amount of Six Hundred Thousand Dollars (\$600,000), for a total amount of Nine Hundred Thousand Dollars (\$900,000) (the "Successor Agency Loan"). The City previously made a loan to Satellite of Neighborhood Stabilization Program 1 funds in the amount of One Million Nine Hundred Eighty-Three Thousand Seven Hundred Fifty-Five Dollars (\$1,983,755) as assigned to Borrower, and concurrently herewith will be loaning additional funds to Borrower in the amount of One Hundred Seventy Thousand Dollars (\$170,000) for a total amount of Two Million One Hundred Fifty-Three Thousand Seven Hundred Fifty-Five Dollars (\$2,153,755) (the "City NSP Loan"). Concurrently herewith the City is making a loan to Borrower of Two Hundred Thirty Thousand Dollars (\$230,000) of Community Development Block Grant funds (the "City CDBG Loan"). The Combined amount of the Successor Agency Loan, the City NSP Loan and City CDBG Loan is Three Million Two Hundred Eighty-Three Thousand Seven Hundred Fifty-Five Dollars (\$3,283,755) and is collectively referred to here as the "City Loan".

E. The City Loan is evidenced by the following documents (among others): (i) an Amended and Restated Loan Agreement (Agency Loan) and an Amended and Restated NSP/CDBG Loan Agreement both execute by the City and Borrower (collectively, the "City Loan Agreement"); (ii) a First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Agency Loan), and a First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (NSP/CDBG Loan) both executed by Borrower for the benefit of the City (collectively, the "City Deed of Trust"); and (iii) an Amended and Restated Promissory Note (Agency Loan) and an Amended and Restated Promissory Note (NSP/CDBG Loan), both executed by Borrower for the benefit of the City in the combined amount of the City Loan (collectively, the "City Note").

F. The City and the County desire to cause the City Deed of Trust and the County Deed of Trust (together, the "Deeds of Trust") to be equal in lien priority. The City and the County also desire to divide (i) the proceeds of any foreclosure, condemnation or insurance claim, (ii) the Lenders' Share of Residual Receipts, and (iii) the Borrower's Shared Portion of Residual Receipts.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. Definitions. The following terms have the following meanings:

(a) "Adjusted City Loan" means, to the extent less than the full amount of the City Loan is funded, an amount equal to the actual principal amount loaned to Borrower by the City pursuant to the City Loan Agreement minus any Special City Loan Payment. If the full amount of the City Loan is funded and no portion repaid as a Special City Loan Payment, the Adjusted City Loan is equal to the City Loan.

(b) "Adjusted County Loan" means, to the extent less than the full amount of the County Loan is funded, an amount equal to the actual principal amount loaned to Borrower

by the County pursuant to the County Loan Agreement minus any Special County Loan Payment. If the full amount of the County Loan is funded and no portion repaid as a Special County Loan Payment, the Adjusted County Loan is equal to the County Loan.

(c) "Adjusted MHP Loan" means, to the extent less than the full amount of the MHP Loan is funded, an amount equal to the actual principal amount loaned to Borrower by HCD pursuant to the documents between Borrower and HCD evidencing the MHP Loan. If the full amount of the MHP Loan is funded, the Adjusted MHP Loan is equal to the MHP Loan.

(d) "Adjusted VHHP Loan" means, to the extent less than the full amount of the VHHP Loan is funded, an amount equal to the actual principal amount loaned to Borrower by HCD pursuant to the documents between Borrower and HCD evidencing the VHHP Loan. If the full amount of the VHHP Loan is funded, the Adjusted VHHP Loan is equal to the VHHP Loan.

(e) "Annual County Loan Payment" has the meaning in Section 2(a).

(f) "Annual City Loan Payment" has the meaning in Section 2(b).

(g) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development:

- i. property taxes and assessments imposed on the Development;
- ii. debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on the Bank Permanent Loan;
- iii. on-site service provider fees for tenant social services, provided the County and City have approved, in writing, the plan and budget for such services before such services begin;
- iv. fees paid to the Issuer with respect to the Bonds;
- v. payment to HCD of a portion of the accrued interest on the MHP Loan and VHHP Loan pursuant to California Code of Regulations, Title 25, Section 7308;
- vi. property management fees and reimbursements, on-site property management office expenses, and salaries of property management and maintenance personnel, not to exceed amounts that are standard in the industry and which are pursuant to a management contract approved by the County and the City;
- vii. the Partnership/Asset Fee;
- viii. fees for accounting, audit, and legal services incurred by Borrower's general partner in the asset management of the Development, not to exceed amounts that are standard in the industry, to the extent such fees are not included in the Partnership/Asset Fee;

ix. premiums for insurance required for the Improvements to satisfy the requirements of any lender of Approved Financing;

x. utility services not paid for directly by tenants, including water, sewer, and trash collection;

xi. maintenance and repair expenses and services;

xii. any annual license or certificate of occupancy fees required for operation of the Development;

xiii. security services;

xiv. advertising and marketing;

xv. cash deposited into the Replacement Reserve Account in the amount set forth in Section 4.2(a) of the County Loan Agreement;

xvi. cash deposited into the Operating Reserve Account to maintain the amount set forth in Section 4.2(b) of the County Loan Agreement (excluding amounts deposited to initially capitalize the account);

xvii. payment of any previously unpaid portion of Developer Fee (without interest), not to exceed the amount set forth in Section 3.17 of the County Loan Agreement;

xviii. extraordinary operating costs specifically approved in writing by the County and the City;

xix. payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the County and the City and not listed above.

Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, initial deposits to capitalize a reserve account, any amount expended from a reserve account, and any capital cost associated with the Development.

(h) "Approved Financing" means all of the following loans, grants and equity obtained by Borrower and approved by the County and the City for the purpose of financing the acquisition of the Property and construction of the Development in addition to the County Loan and the City Loan:

i. multi-family housing revenue tax exempt bonds in the approximate amount of Twenty-One Million Five Hundred Seventeen Thousand Twenty Dollars (\$21,517,020) (the "Bonds") issued by the County of Contra Costa (the "Issuer") that are

purchased by the Bank and the sale proceeds of which are loaned to Borrower (the "Bank Construction Loan");

ii. loan of Multifamily Housing Program ("MHP") funds from the California Department of Housing and Community Development ("HCD") to Borrower in the approximate amount of Six Million Nine Hundred One Thousand Dollars (\$6,901,000) (the "MHP Loan");

iii. loan of Veterans Housing and Homeless Prevention Program ("VHHP") funds from HCD to Borrower in the approximate amount of Five Million Two Hundred Forty-Six Thousand Seven Hundred Eighty-One Dollars (\$5,246,781) (the "VHHP Loan");

iv. the Low Income Housing Tax Credit investor equity funds in the approximate amount of Thirteen Million Three Hundred Forty-Four Thousand One Hundred Eighty-Seven Dollars (\$13,344,187) (the "Tax Credit Investor Equity") provided by the Investor Limited Partner; and

v. the capital contribution from Borrower's general partner in the approximate amount of One Thousand Three Hundred Thirty-Four Dollars (\$1,334) (the "GP Capital Contribution").

(i) "Available Net Proceeds" means the result obtained by multiplying the Net Proceeds of Permanent Financing by 0.75.

(j) "Bank" means Wells Fargo Bank, N.A.

(k) "Bank Construction Loan" has the meaning set forth in Section 1.1(h)(i).

(l) "Bonds" has the meaning set forth in Section 1.1(h)(i).

(m) "Borrower's Shared Portion of Residual Receipts" means twenty-five percent (25%) of Residual Receipts.

(n) "City Additional Prorata Share" means the result obtained by dividing the Adjusted City Loan by the sum of the Adjusted City Loan, and the Adjusted County Loan.

(o) "City CDBG Loan" has the meaning set forth in Paragraph D of the Recitals.

(p) "City Deed of Trust" has the meaning set forth in Paragraph E of the Recitals.

(q) "City Loan" has the meaning set forth in Paragraph D of the Recitals.

(r) "City Loan Agreement" has the meaning set forth in Paragraph E of the Recitals.

(s) "City Loan Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the Adjusted City Loan by the sum of the Adjusted County Loan, the Adjusted City Loan, the Adjusted MHP Loan, and the Adjusted VHHP Loan.

(t) "City Note" has the meaning set forth in Paragraph E of the Recitals.

(u) "City NSP Loan" has the meaning set forth in Paragraph D of the Recitals.

(v) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.

(w) "County Additional Prorata Share" means the result obtained by dividing the Adjusted County Loan by the sum of the Adjusted County Loan, and the Adjusted City Loan.

(x) "County Deed of Trust" has the meaning set forth in Paragraph C of the Recitals.

(y) "County Loan" has the meaning set forth in Paragraph C of the Recitals.

(z) "County Loan Agreement" has the meaning set forth in Paragraph C of the Recitals.

(aa) "County Loan Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the Adjusted County Loan by the sum of the Adjusted County Loan, the Adjusted City Loan, the Adjusted MHP Loan, and the Adjusted VHHP Loan.

(bb) "County Note" has the meaning set forth in Paragraph C of the Recitals.

(cc) "Deeds of Trust" has the meaning set forth in Paragraph F of the Recitals.

(dd) "Default Rate" means a rate of interest equal to the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

(ee) "Developer Fee" has the meaning set forth in Section 3.17 of the County Loan Agreement.

(ff) "Development" has the meaning set forth in Paragraph B of the Recitals.

(gg) "Enforcing Party" has the meaning set forth in Section 6(b).

(hh) "Fifteen Year Compliance Period" means the fifteen (15)-year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.

(ii) "Final Cost Certification" means the Final Cost Certification Sources and Uses of Funds prepared by Borrower for the Development that (1) Borrower submits to the California Tax Credit Allocation Committee, and (2) has been prepared using generally accepted accounting standards in effect in the United States of America from time to time, consistently applied.

(jj) "Final Development Cost" means the total of the cost of acquisition and construction of the Development as shown on the Final Cost Certification.

(kk) "Foreclosure Net Proceeds" means the proceeds that result from a foreclosure, or any other action, whether judicial or non-judicial, less (i) all amounts paid to any senior lien holder, and (ii) expenses incurred by a lender that is a Party to this Agreement in connection with such foreclosure or other action.

(ll) "GP Capital Contribution" has the meaning set forth in Section 1(h)(v).

(mm) "Gross Revenue" means for each calendar year, all revenue, income, receipts, and other consideration actually received from the operation and leasing of the Development. Gross Revenue includes, but is not limited to:

- (i) all rents, fees and charges paid by tenants;
- (ii) Section 8 payments and other rental or operating subsidy payments received for the dwelling units;
- (iii) deposits forfeited by tenants;
- (iv) all cancellation fees;
- (v) price index adjustments and any other rental adjustments to leases or rental agreements;
- (vi) net proceeds from vending and laundry room machines;
- (vii) the proceeds of business interruption or similar insurance not paid to senior lenders;
- (viii) the proceeds of casualty insurance not used to rebuild the Development and not paid to senior lenders; and
- (ix) condemnation awards for a taking of part or all of the Development for a temporary period.

Gross Revenue does not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

- (nn) "HCD" has the meaning set forth in Section 1(h)(ii).
- (oo) "Improvements" has the meaning set forth in Paragraph B of the Recitals.
- (pp) "Investor Limited Partner" means Raymond James California Housing Opportunities Fund VI LLC, a Florida limited liability company, its successors and assigns.
- (qq) "Issuer" has the meaning set forth in Section 1.1(h)(i).
- (rr) "Lenders' Share of Residual Receipts" means fifty percent (50%) of Residual Receipts.
- (ss) "MHP" has the meaning set forth in Section 1.1(h)(ii).
- (tt) "MHP Loan" has the meaning set forth in Section 1.1(h)(ii).
- (uu) "Net Proceeds of Permanent Financing" means the amount by which Permanent Financing exceeds the Final Development Costs.
- (vv) "Parties" means the City, the County, and Borrower.
- (ww) "Partnership Agreement" means the agreement between Borrower's general partner and the Investor Limited Partner that governs the operation and organization of Borrower as a California limited partnership.
- (xx) "Partnership/Asset Fee" means (i) partnership management fees (including any asset management fees) payable pursuant to the Partnership Agreement to any partner or affiliate of Borrower or any affiliate of a partner of Borrower, if any, during the Fifteen Year Compliance Period, and (ii) after expiration of the Fifteen Year Compliance Period, asset management fees payable to Borrower, in the amounts approved by the County as set forth in Section 3.18 of the County Loan Agreement.
- (yy) "Permanent Financing" means the sum of the following amounts: (i) the Adjusted County Loan; (ii) the Adjusted City Loan; (iii) the Adjusted MHP Loan; (iv) the Adjusted VHHP Loan; (v) the Tax Credit Investor Equity; and (vi) the GP Capital Contribution.
- (zz) "Property" has the meaning set forth in Paragraph B of the Recitals.
- (aaa) "Residual Receipts" means for each calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses.
- (bbb) "Satellite" has the meaning set forth in Paragraph D of the Recitals.
- (ccc) "Special City Loan Payment" has the meaning set forth in Section 3(b).
- (ddd) "Special County Loan Payment" has the meaning set forth in Section 3(a).
- (eee) "Statement of Residual Receipts" means an itemized statement of Residual

Receipts.

(fff) "Successor Agency Loan" has the meaning set forth in Paragraph D of the Recitals.

(ggg) "Tax Credit Investor Equity" has the meaning set forth in Section 1(h)(iv).

(hhh) "Term" means the period of time that commences on the date of this Agreement, and expires, unless sooner terminated in accordance with this Agreement, on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of this Agreement.

(iii) "VHHP" has the meaning set forth in Section 1.1(h)(iii).

(jjj) "VHHP Loan" has the meaning set forth in Section 1.1(h)(iii).

2. Annual Payments to County and City.

(a) County Loan.

i. Commencing on June 1, 2019, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment in an amount equal to the sum of (1) the County Loan Prorata Percentage of the Lenders' Share of Residual Receipts and (2) the County Additional Prorata Share multiplied by Borrower's Shared Portion of Residual Receipts (each such payment, an "Annual County Loan Payment"). A numerical example of the methodology to be used to calculate the Annual County Loan Payment is shown in Exhibit B attached hereto. In the event of a conflict between the text of this Section 2(a) and Exhibit B, the text of this Section 2(a) will prevail. The County shall apply all Annual County Loan Payments to the County Loan as follows: (1) first, to accrued interest, and (2) second, to principal.

ii. Borrower shall repay the County Loan pursuant to the terms of the County Loan Agreement and the County Note. In the event of any conflict between the repayment terms and provisions of the County Loan Agreement and this Agreement, the provisions of this Agreement apply. The County may not consent to any amendment or waiver of the terms of the County Loan Agreement or the County Note if such amendment or waiver could reasonably be deemed to materially adversely affect the City, without the City's prior written approval, which the City may withhold in its sole discretion.

(b) City Loan.

i. Commencing on June 1, 2019, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment in an amount equal to the sum of (1) the City Loan Prorata Percentage of the Lenders' Share of Residual Receipts, and (2) the City Additional Prorata Share multiplied by Borrower's Shared Portion of Residual Receipts (each such payment, an "Annual City Loan Payment"). A numerical example of the methodology to be used to calculate the Annual City Loan Payment is shown in Exhibit B attached hereto. In the event of a conflict between the text of this Section 2(b) and Exhibit B, the text of this Section

2(b) will prevail. The City shall apply all Annual City Loan Payments as follows: (1) first, to accrued interest, and (2) second, to principal for the City Loan.

ii. Borrower shall repay the City Loan pursuant to the terms of the City Loan Agreement and the City Note. In the event of any conflict between the repayment terms of the City Loan Agreement and this Agreement, the provisions of this Agreement apply. The City may not consent to any amendment or waiver of the terms of the City Loan Agreement or the City Note, if such amendment or waiver could reasonably be deemed to materially adversely affect the County, without the County's prior written approval, which the County may withhold in its sole discretion.

3. Special Repayments from Net Proceeds of Permanent Financing.

(a) To the extent consistent with the regulations applicable to the MHP Loan and VHHP Loan, no later than ten (10) days after the date Borrower receives its final capital contribution from the Investor Limited Partner, Borrower shall pay to the County as a special repayment of the County Loan, an amount equal to the result obtained by multiplying the County Additional Prorata Share by the Available Net Proceeds (the "Special County Loan Payment").

(b) To the extent consistent with the regulations applicable to the MHP Loan and VHHP Loan, no later than ten (10) days after the date Borrower receives its final capital contribution from the Investor Limited Partner, Borrower shall pay to the City as a special repayment of the City Loan, an amount equal to the result obtained by multiplying the City Additional Prorata Share by the Available Net Proceeds (the "Special City Loan Payment").

(c) No later than one hundred eighty (180) days following completion of construction of the Development, Borrower shall submit to the County and the City a preliminary calculation of the Net Proceeds of Permanent Financing and a draft of the Final Cost Certification. The County and the City shall approve or disapprove Borrower's determination of the amount of the Net Proceeds of Permanent Financing in writing within thirty (30) days of receipt. If Borrower's determination is disapproved by the County or the City, Borrower shall re-submit documentation to the County and the City until approval of the County and the City is obtained.

4. Reports and Accounting of Residual Receipts.

(a) Annual Reports. In connection with the Annual County Loan Payment and the Annual City Loan Payment, Borrower shall furnish to the City and the County:

i. The Statement of Residual Receipts for the relevant period. The first Statement of Residual Receipts will cover the period that begins on January 1, 2018 and ends on December 31st of that same year. Subsequent statements of Residual Receipts will cover the twelve-month period that ends on December 31 of each year;

ii. A statement from the independent public accountant that audited the Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lender's Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts is accurate based on Operating Income and Annual Operating Expenses;

and

iii. Any additional documentation reasonably required by the County or the City to substantiate Borrower's calculation of Lender's Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts.

(b) Books and Records. Borrower shall keep and maintain at the principal place of business of Borrower set forth in Section 11 below, or elsewhere with the written consent of the County and the City, full, complete and appropriate books, record and accounts relating to the Development, including all books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's calculation of Residual Receipts and disbursements of Residual Receipts. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of this Agreement to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this Agreement, which provide for the calculation of Residual Receipts on a cash basis. Borrower shall cause all books, records, and accounts to be open to and available for inspection by the County and the City, their auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the County and the City at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve records on which any statement of Residual Receipts is based for a period of not less than five (5) years after such statement is rendered, and for any period during which there is an audit undertaken pursuant to subsection (c) below then pending.

(c) County and City Audits.

i. The receipt by the County or the City of any statement pursuant to subsection (a) above or any payment by Borrower or acceptance by the County or the City of any loan repayment for any period does not bind the County or the City as to the correctness of such statement or such payment. The County or the City or any designated agent or employee of the County or the City is entitled at any time to audit the Residual Receipts and all books, records, and accounts pertaining thereto. The County and/or the City may conduct such audit during normal business hours at the principal place of business of Borrower and other places where records are kept. Immediately after the completion of an audit, the County or the City, as the case may be, shall deliver a copy of the results of the audit to Borrower.

ii. If it is determined as a result of an audit that there has been a deficiency in a loan repayment to the County and/or the City, then such deficiency will become immediately due and payable, with interest at the Default Rate from the date the deficient amount should have been paid. In addition, if the audit determines that Residual Receipts have been understated for any year by the greater of (i) \$2,500, and (ii) an amount that exceeds five percent (5%) of the Residual Receipts, then, in addition to paying the deficiency with interest, Borrower shall pay all of the costs and expenses connected with the audit and review of Borrower's accounts and records incurred by the County and/or the City.

5. Deeds of Trust. Notwithstanding the fact that the City Deed of Trust may be recorded prior to the County Deed of Trust or that the County Deed of Trust may be recorded prior to the City Deed of Trust, the Deeds of Trust are equal in lien priority.

6. Notice of Default.

(a) The County and the City shall each notify the other promptly upon declaring a default or learning of the occurrence of any material event of default, or any event which with the lapse of time would become a material event of default, under its respective loan documents for the City Loan and the County Loan.

(b) The City and the County agree not to make a demand for payment from Borrower or accelerate the City Note or the County Note, as the case may be, or commence enforcement of any of the rights and remedies under the City Deed of Trust or the County Deed of Trust, as the case may be, until the date that is five (5) business days following delivery of written notice by the Party enforcing its rights (the "Enforcing Party") to the other Party stating that a "default" (as defined in the relevant Deed of Trust) has occurred and is continuing and that the Enforcing Party is requesting the other Party's assistance in foreclosure pursuant to Section 7.

7. Cooperation in Foreclosure.

(a) If there is a default under the City Loan and/or County Loan, after expiration of any applicable cure periods, the party who is the lender on the defaulted loan shall cooperate with the other lender that is a Party to this Agreement to coordinate any foreclosure proceedings or other appropriate remedies.

(b) Neither the County nor the City may contest the validity, perfection, priority, or enforceability of the lien granted to the other Party by a deed of trust secured by the Property. Notwithstanding any failure of a Party to perfect its lien on the Property or any other defect in the security interests or obligations owing to such Party, the priority and rights as between the lenders that are Parties to this Agreement are as set forth in this Agreement.

8. Foreclosure Proceeds. If there is a foreclosure, or any other action, whether judicial or nonjudicial, under any or both of the Deeds of Trust (including the giving of a deed in lieu of foreclosure), the proceeds resulting from such foreclosure or action will be first used to pay (i) all amounts paid to any senior lien holder, and (ii) expenses incurred by the County, the City, or both, in connection with such foreclosure or other action. After such payments (i) the City is entitled to the result obtained by multiplying the City Additional Prorata Share by the Foreclosure Net Proceeds, and (ii) the County is entitled to the result obtained by multiplying the County Additional Prorata Share by the Foreclosure Net Proceeds.

9. Insurance and Condemnation Proceeds. If, as a result of having made the City Loan and the County Loan, the City and County are entitled to insurance or condemnation proceeds, they will share such proceeds as follows: (i) the City is entitled the result obtained by multiplying the City Additional Prorata Share by the available proceeds, and (ii) the County is entitled to the result obtained by multiplying the County Additional Prorata Share by the available proceeds.

10. Title to Property. If, as a result of having made the City Loan and the County Loan, either the City or the County is entitled to title to the Property as a consequence of Borrower's default, then title is to be held in tenancy in common by the City and the County in accordance with their respective prorata share of the Foreclosure Net Proceeds. Subsequent decisions to hold or sell the Property will be made by joint decision of the City and the County.

11. Notices. All notices required or permitted by any provision of this Agreement must be in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

City: City of Antioch
Community Development Department
P.O. Box 5007
200 H Street
Antioch, CA 94531
Attn: _____

County: County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

Borrower: Tabora Gardens, L.P.
c/o Tabora Gardens LLC
1835 Alcatraz Avenue
Berkeley, CA 94703
Attn: Executive Director

Investor Limited
Partner: Raymond James California Housing Opportunities
Fund VI LLC
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455
Attention: Steven J. Kropf, President

with a copy to:
Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate as provided in this Section.

Receipt will be deemed to have occurred on the date marked on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

12. Titles. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and are to be disregarded in interpreting any part of the Agreement's provisions.

13. California Law. This Agreement is governed by the laws of the State of California.

14. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

15. Legal Actions. If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action.

16. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the distribution of proceeds upon foreclosure of or other remedies under the Deeds of Trust.

17. Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

18. Amendments. This Agreement may not be modified except by written instrument executed by and amongst the Parties.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

BORROWER:

Tabora Gardens, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing
Associates, a California nonprofit
public benefit corporation, its
manager

By: _____
Susan Friedland
Executive Director

COUNTY:

Approved as to form:

SHARON L. ANDERSON
County Counsel

COUNTY OF CONTRA COSTA, a political
subdivision of the State of California

By: _____
Kathleen Andrus
Deputy County Counsel

By: _____
John Kopchik
Director, Department of Conservation and
Development

CITY:

CITY OF ANTIOCH

By: _____

Name: _____

Its: _____

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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)
)
COUNTY OF _____)

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

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)
COUNTY OF _____)

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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.

Name: _____
Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B
COUNTY/CITY
RESIDUAL RECEIPTS NUMERICAL EXPLANATION

DEVELOPMENT LOAN AGREEMENT
Tabora Gardens Senior Housing
(HOME, HOPWA, NSP, and Summer Lake Affordable Housing Trust Funds)

This Development Loan Agreement (the "Agreement") is dated August __, 2016, and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and Tabora Gardens, L.P., a California limited partnership ("Borrower").

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Agreement.

B. The County has received Home Investment Partnerships Act funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Housing Act of 1990 ("HOME Funds"). The HOME Funds must be used by the County in accordance with 24 C.F.R. Part 92 (the "HOME Regulations").

C. The County has received Housing Opportunities for Persons with AIDS Program funds from HUD pursuant to the HOPWA Program ("HOPWA Funds"). The HOPWA Funds are available to and administered by the County, as a subrecipient of the City of Oakland, which is the representative for the Alameda-Contra Costa County Eligible Metropolitan Area. The HOPWA Funds must be used by the County in accordance with 24 C.F.R. Section 574 et seq.

D. The County has received Neighborhood Stabilization Program 1 funds ("NSP1 Funds") from HUD under Title III of Division B of the Housing and Economic Recovery Act of 2008 (the "NSP Act"). The NSP1 Funds must be used by the County in accordance with 75 F.R. 64322 (Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants) (the "NSP Regulations"). Together, the NSP Act and the NSP Regulations are the "NSP Requirements." Except as otherwise prescribed by the NSP Requirements, the statutory and regulatory provisions that govern the Community Development Block Grant program under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), as amended (including those at 24 CFR part 570 subparts A, C, D, J, K, and O, as appropriate), apply with equal force to the NSP1 Funds.

E. The County has received "Summer Lake" affordable housing trust funds (the "Housing Trust Funds") from the City of Oakley pursuant to an agreement between the County and the City of Oakley which was signed by the County on May 23, 2006 (the "Housing Trust Fund Agreement"). Pursuant to the Housing Trust Fund Agreement the County must use the Housing Trust Funds for affordable housing within East Contra Costa County.

F. Borrower is the owner of that certain real property located at 3701 Tabora Drive, in the City of Antioch, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct eighty-five (85) senior housing units on the Property for rental to extremely low, very low and low income households, including one (1) manager's unit (the "Development"). The Development, as well as all

landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

G. Borrower desires to borrow from the County Seven Hundred Thousand Dollars (\$700,000) of HOME Funds (the "HOME Loan"), Six Hundred Fifty Thousand Dollars (\$650,000) of HOPWA Funds (the "HOPWA Loan"), Five Hundred Fifty Thousand Dollars (\$550,000) of NPS1 Funds (the "NSP1 Loan"), and One Million One Hundred Thousand Dollars (\$1,100,000) of Housing Trust Funds (the "Housing Trust Loan") for a total loan amount of Three Million Dollars (\$3,000,000) (the "Loan").

H. The County and Borrower previously entered into a HOPWA Loan Agreement dated April 1, 2016 (the "HOPWA Loan Agreement") pursuant to which the County loaned Borrower the HOPWA Loan. The HOPWA Loan is also evidenced by a Promissory Note dated April 1, 2016 and executed by Borrower for the benefit of the County (the "Original HOPWA Note"), and a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing dated April 1, 2016, executed by Borrower for the benefit of the County, and recorded on April 22, 2016 as Instrument Number 2016-075027 in the official records of Contra Costa County (the "Original HOPWA Deed of Trust"). The HOPWA Loan Agreement, Original HOPWA Note, and Original HOPWA Deed of Trust are collectively referred to as the "HOPWA Loan Documents".

I. The Loan is evidenced by this Agreement, the Note, the Regulatory Agreements, and the Intercreditor Agreement, and is secured by the Deed of Trust. The Loan Documents supersede the HOPWA Loan Documents.

J. The Loan is being made to finance predevelopment and construction costs of the Development. Construction of the Development is intended to maintain the supply of affordable rental housing in Contra Costa County. Due to the assistance provided Borrower through the Loan, the County is designating five (5) units as HOME-assisted units (the "HOME-Assisted Units"), five (5) units as HOPWA-assisted units (the "HOPWA-Assisted Units"), four (4) units as NSP-Assisted units (the "NSP-Assisted Units"), and eight (8) units as Housing Trust-assisted units (the "Housing Trust -Assisted Units").

K. The City has determined the Development to be categorically exempt pursuant to the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) ("CEQA").

L. In accordance with the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321-4347) ("NEPA"), the County has completed and approved all applicable environmental review for the activities proposed to be undertaken under this Agreement.

The parties therefore agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following terms have the following meanings:

(a) "Adjusted City Loan" means, to the extent less than the full amount of the City Loan is funded, an amount equal to the actual principal amount loaned to Borrower by the City pursuant to the documents between Borrower and the City evidencing the City Loan minus any Special City Loan Payment. If the full amount of the City Loan is funded and no portion is repaid as a Special City Loan Payment, the Adjusted City Loan is equal to the City Loan.

(b) "Adjusted County Loan" means, to the extent less than the full amount of the County Loan is funded, an amount equal to the actual principal amount loaned to Borrower by the County pursuant to this Agreement minus any Special County Loan Payment. If the full amount of the County Loan is funded and no portion is repaid as a Special County Loan Payment, the Adjusted County Loan is equal to the County Loan.

(c) "Adjusted MHP Loan" means, to the extent less than the full amount of the MHP Loan is funded, an amount equal to the actual principal amount loaned to Borrower by HCD pursuant to the documents between Borrower and HCD evidencing the MHP Loan. If the full amount of the MHP Loan is funded, the Adjusted MHP Loan is equal to the MHP Loan.

(d) "Adjusted VHHP Loan" means, to the extent less than the full amount of the VHHP Loan is funded, an amount equal to the actual principal amount loaned to Borrower by HCD pursuant to the documents between Borrower and HCD evidencing the VHHP Loan. If the full amount of the VHHP Loan is funded, the Adjusted VHHP Loan is equal to the VHHP Loan.

(e) "Agreement" means this Development Loan Agreement.

(f) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development:

- (i) property taxes and assessments imposed on the Development;
- (ii) debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on the Bank Permanent Loan;

(iii) on-site service provider fees for tenant social services, provided the County has approved, in writing, the plan and budget for such services before such services begin;

(iv) fees paid to the Issuer with respect to the Bonds;

(v) payment to HCD of a portion of the accrued interest on the MHP Loan and VHHP Loan pursuant to California Code of Regulations, Title 25, Section 7308;

(vi) property management fees and reimbursements, on-site property management office expenses, and salaries of property management and maintenance personnel, not to exceed amounts that are standard in the industry and which are pursuant to a management contract approved by the County;

(vii) the Partnership/Asset Fee;

(viii) fees for accounting, audit, and legal services incurred by Borrower's general partner in the asset management of the Development, not to exceed amounts that are standard in the industry, to the extent such fees are not included in the Partnership/Asset Fee;

(ix) premiums for insurance required for the Improvements to satisfy the requirements of any lender of Approved Financing;

(x) utility services not paid for directly by tenants, including water, sewer, and trash collection;

(xi) maintenance and repair expenses and services;

(xii) any annual license or certificate of occupancy fees required for operation of the Development;

(xiii) security services;

(xiv) advertising and marketing;

(xv) cash deposited into the Replacement Reserve Account in the amount set forth in Section 4.2(a);

(xvi) cash deposited into the Operating Reserve Account to maintain the amount set forth in Section 4.2(b) (excluding amounts deposited to initially capitalize the account);

(xvii) payment of any previously unpaid portion of Developer Fee (without interest), not to exceed the amount set forth in Section 3.17;

(xviii) extraordinary operating costs specifically approved in writing by the County;

(xix) payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the County and not listed above.

Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, initial deposits to capitalize a reserve account, any amount expended from a reserve account, and any capital cost associated with the Development.

(g) "Annual Payment" has the meaning in Section 2.8(a).

(h) "Approved Development Budget" means the proforma development budget, including sources and uses of funds, as approved by the County, and attached hereto and incorporated herein as Exhibit B.

(i) "Approved Financing" means all of the following loans, grants and equity obtained by Borrower and approved by the County for the purpose of financing the acquisition of the Property and construction of the Development:

(i) loans from the City in the total approximate amount of Three Million Two Hundred Eighty-Three Thousand Seven Hundred Fifty-Five Dollars (\$3,283,755) (the "City Loan");

(ii) multi-family housing revenue tax exempt bonds in the approximate amount of Twenty-One Million Five Hundred Seventeen Thousand Twenty Dollars (\$21,517,020) (the "Bonds") issued by the County of Contra Costa (the "Issuer") that are purchased by the Bank and the sale proceeds of which are loaned to Borrower (the "Bank Construction Loan");

(iii) loan of Multifamily Housing Program ("MHP") funds from the California Department of Housing and Community Development ("HCD") to Borrower in the approximate amount of Six Million Nine Hundred One Thousand Dollars (\$6,901,000) (the "MHP Loan");

(iv) loan of Veterans Housing and Homeless Prevention Program ("VHHP") funds from HCD to Borrower in the approximate amount of Five Million Two Hundred Forty-Six Thousand Seven Hundred Eighty-One Dollars (\$5,246,781) (the "VHHP Loan");

(v) the Low Income Housing Tax Credit investor equity funds in the approximate amount of Thirteen Million Three Hundred Forty-Four Thousand One Hundred Eighty-Seven Dollars (\$13,344,187) (the "Tax Credit Investor Equity") provided by the Investor Limited Partner; and

(vi) the capital contribution from Borrower's general partner in the approximate amount of One Thousand Three Hundred Thirty-Four Dollars (\$1,334) (the "GP Capital Contribution").

(j) "Available Net Proceeds" means the result obtained by multiplying the Net Proceeds of Permanent Financing by 0.75.

(k) "Bank" means Wells Fargo Bank, N.A.

(l) "Bank Construction Loan" has the meaning set forth in Section 1.1(i)(ii).

(m) "Bid Package" means the package of documents Borrower's general contractor is required to distribute to potential bidders as part of the process of selecting subcontractors for the Development. The Bid Package is to include the following: (i) an invitation to bid; (ii) copy of the proposed construction contract; (iii) a form of bid guarantee that is reasonably acceptable to the County that guarantees, at a minimum, an amount equal to five percent (5%) of the bid price; and (iv) all Construction Plans.

(n) "Bonds" has the meaning set forth in Section 1.1(i)(ii).

(o) "Borrower" has the meaning set forth in the first paragraph of this Agreement.

(p) "Borrower's Shared Portion of Residual Receipts" means twenty-five percent (25%) of Residual Receipts.

(q) "CEQA" has the meaning set forth in Paragraph K of the Recitals.

(r) "City" means the City of Antioch, California, a municipal corporation.

(s) "City Loan" has the meaning set forth in Section 1.1(i)(i).

(t) "Commencement of Construction" has the meaning set forth in Section 3.5.

(u) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.

(v) "Construction Plans" means all construction documentation upon which Borrower and Borrower's general contractor rely in constructing all the Improvements on the Property (including the units in the Development, landscaping, parking, and common areas) and includes, but is not limited to, final architectural drawings, landscaping plans and specifications, final elevations, building plans and specifications (also known as "working drawings").

(w) "County" has the meaning set forth in the first paragraph of this Agreement.

(x) "County Additional Prorata Share" means the result obtained by dividing the Adjusted County Loan by the sum of the Adjusted County Loan, and the Adjusted City Loan.

(y) "County-Assisted Units" means the HOME-Assisted Units, the HOPWA Assisted Units, the NSP-Assisted Units, and the Housing Trust-Assisted Units.

(z) "County Loan Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the Adjusted County Loan, by the sum of the Adjusted County Loan, the Adjusted City Loan, the Adjusted MHP Loan, and the Adjusted VHHP Loan.

(aa) "County Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower evidencing County requirements applicable to the Loan, to be recorded against the Property.

(bb) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing of even date herewith among Borrower, as Trustor, Old Republic Title Company, as trustee, and the County, as beneficiary, that will encumber the Property to secure repayment of the Loan and performance of the covenants of the Loan Documents.

(cc) "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

(dd) "Developer Fee" has the meaning set forth in Section 3.17.

(ee) "Development" has the meaning set forth in Paragraph F of the Recitals.

(ff) "Eligible Household" means a household qualified to occupy a HOME-Assisted Unit pursuant to Section 2.1(b) of the HOME/HOPWA Regulatory Agreement.

(gg) "Event of Default" has the meaning set forth in Section 6.1.

(hh) "Fifteen Year Compliance Period" means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.

(ii) "Final Cost Certification" has the meaning set forth in Section 4.3.

(jj) "Final Development Cost" means the total of the cost of acquisition and construction of the Development as shown on the Final Cost Certification.

(kk) "GP Capital Contribution" has the meaning set forth in Section 1.1(i)(vi).

(ll) "Gross Revenue" means for each calendar year, all revenue, income, receipts, and other consideration actually received from the operation and leasing of the Development. Gross Revenue includes, but is not limited to:

- (i) all rents, fees and charges paid by tenants;
- (ii) Section 8 payments and other rental or operating subsidy payments received for the dwelling units;
- (iii) deposits forfeited by tenants;
- (iv) all cancellation fees;
- (v) price index adjustments and any other rental adjustments to leases or rental agreements;
- (vi) net proceeds from vending and laundry room machines;
- (vii) the proceeds of business interruption or similar insurance not paid to senior lenders;
- (viii) the proceeds of casualty insurance not used to rebuild the Development and not paid to senior lenders; and
- (ix) condemnation awards for a taking of part or all of the Development for a temporary period.

Gross Revenue does not include tenants' security deposits, loan proceeds, unexpended amounts (including interest) in any reserve account, required deposits to reserve accounts, capital contributions or similar advances.

(mm) "Hazardous Materials" means: (i) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical, and (ii) any waste, substance or material defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic materials", "toxic waste", "toxic substances," or words of similar import under any Hazardous Materials Law.

(nn) "Hazardous Materials Claims" means with respect to the Property (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any Hazardous Materials Law; and (ii) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss

or injury resulting from any Hazardous Materials.

(oo) "Hazardous Materials Law" means any federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, health, industrial hygiene, environmental conditions, or the regulation or protection of the environment, and all amendments thereto as of this date and to be added in the future and any successor statute or rule or regulation promulgated thereto.

(pp) "HCD" has the meaning set forth in Section 1.1(i)(iii).

(qq) "HOME" means the HOME Investment Partnership Act Program pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 (42 U.S.C. 12705 et seq.), as amended.

(rr) "HOME-Assisted Units" has the meaning set forth in Paragraph J of the Recitals.

(ss) "HOME Funds" has the meaning set forth in Paragraph B of the Recitals.

(tt) "HOME Loan" has the meaning set forth in Paragraph G of the Recitals.

(uu) "HOME Regulations" has the meaning set forth in Paragraph B of the Recitals.

(vv) "HOME/HOPWA Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower evidencing HUD requirements applicable to the Loan, to be recorded against the Property.

(ww) "HOPWA" means the Housing Opportunities for Persons with AIDS Program pursuant to the AIDS Housing Opportunity Act (42 USC 12901 et seq.), as amended by the Housing and Community Development Act of 1992 (42 USC 5301 et seq.).

(xx) "HOPWA-Assisted Units" has the meaning set forth in Paragraph J of the Recitals.

(yy) "HOPWA Eligible Household" means a household that includes at least one Person with HIV/AIDS.

(zz) "HOPWA Funds" has the meaning set forth in Paragraph C of the Recitals.

(aaa) "HOPWA Loan" has the meaning set forth in Paragraph G of the Recitals.

(bbb) "HOPWA Loan Agreement" has the meaning set forth in Paragraph H of the Recitals.

(ccc) "HOPWA Loan Documents" has the meaning set forth in Paragraph H of the Recitals.

(ddd) "HOPWA Original Deed of Trust" has the meaning set forth in Paragraph H of the Recitals.

(eee) "HOPWA Original Note" has the meaning set forth in Paragraph H of the Recitals.

(fff) "HOPWA Unit" means a unit in the Development restricted to occupancy by a HOPWA-Eligible Household, which restrictions are more fully set forth in in the HOME/HOPWA Regulatory Agreement.

(ggg) "Housing Authority" means the Housing Authority of Contra Costa County.

(hhh) "Housing Trust-Assisted Units" has the meaning set forth in Paragraph J of the Recitals.

(iii) "Housing Trust Funds" has the meaning set forth in Paragraph E of the Recitals.

(jjj) "Housing Trust Fund Agreement" has the meaning set forth in Paragraph E of the Recitals.

(kkk) "Housing Trust Loan" has the meaning set forth in Paragraph G of the Recitals.

(lll) "HUD" has the meaning set forth in Paragraph B of the Recitals.

(mmm) "Improvements" has the meaning set forth in Paragraph F of the Recitals.

(nnn) "Intercreditor Agreement" means that certain intercreditor agreement of even date herewith entered into by and among the City, the County, and Borrower related to the Loan and the City Loan, to be recorded against the Property.

(ooo) "Investor Limited Partner" means Raymond James California Housing Opportunities Fund VI LLC, a Florida limited liability company, its successors and assigns.

(ppp) "Issuer" has the meaning set forth in Section 1.1(i)(ii).

(qqq) "Lenders' Share of Residual Receipts" means fifty percent (50%) of Residual Receipts.

(rrr) "Loan Documents" means this Agreement, the Note, the Regulatory Agreements, the Intercreditor Agreement, and the Deed of Trust.

- (sss) "Loan" has the meaning set forth in Paragraph G of the Recitals.
- (ttt) "MHP" has the meaning set forth in Section 1.1(i)(iii).
- (uuu) "MHP Loan" has the meaning set forth in Section 1.1(i)(iii).
- (vvv) "NEPA" has the meaning set forth in Paragraph L of the Recitals.
- (www) "Net Proceeds of Permanent Financing" means the amount by which Permanent Financing exceeds the Final Development Costs.
- (xxx) "Note" means the promissory note of even date herewith that evidences Borrower's obligation to repay the Loan.
- (yyy) "NSP1 Funds" has the meaning set forth in Paragraph D of the Recitals.
- (zzz) "NSP1 Loan" has the meaning set forth in Paragraph G of the Recitals.
- (aaaa) "NSP Act" has the meaning set forth in Paragraph D of the Recitals.
- (bbbb) "NSP-Assisted Units" has the meaning set forth in Paragraph J of the Recitals.
- (cccc) "NSP Regulations" has the meaning set forth in Paragraph D of the Recitals.
- (dddd) "NSP Requirements" has the meaning set forth in Paragraph D of the Recitals.
- (eeee) "Operating Reserve Account" has the meaning set forth in Section 4.2(b).
- (ffff) "Partnership Agreement" means the agreement between Borrower's general partner and the Investor Limited Partner that governs the operation and organization of Borrower as a California limited partnership.
- (gggg) "Partnership/Asset Fee" means: (i) partnership management fees (including any asset management fees) payable pursuant to the Partnership Agreement to any partner or affiliate of Borrower or any affiliate of a partner of Borrower, if any, during the Fifteen Year Compliance Period; and (ii) after expiration of the Fifteen Year Compliance Period, asset management fees payable to Borrower, in the amounts approved by the County as set forth in Section 3.18.
- (hhhh) "Permanent Conversion" means the date the Bank Construction Loan is paid off.

(iiii) "Permanent Financing" means the sum of the following amounts: (i) the Adjusted County Loan; (ii) the Adjusted City Loan; (iii) the Adjusted MHP Loan; (iv) the Adjusted VHHP Loan; (v) the Tax Credit Investor Equity; and (vi) the GP Capital Contribution.

(jjjj) "Persons with HIV/AIDS" has the meaning set forth in the HOME/HOPWA Regulatory Agreement.

(kkkk) "Property" has the meaning set forth in Paragraph F of the Recitals.

(llll) "Regulatory Agreements" means the County Regulatory Agreement and the HOME/HOPWA Regulatory Agreement.

(mmmm) "Rental Shortfall Due Date" has the meaning set forth in Section 2.8(c).

(nnnn) "Rental Shortfall Payment" has the meaning set forth in Section 2.8(c).

(oooo) "Replacement Reserve Account" has the meaning set forth in Section 4.2(a).

(pppp) "Residual Receipts" means for each calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses.

(qqqq) "Retention Amount" means Thirty Thousand Dollars (\$30,000) of the Housing Trust Loan, the disbursement of which is described in Section 2.7.

(rrrr) "SAHA" means Satellite Affordable Housing Associates, a California nonprofit public benefit corporation.

(ssss) "Senior Loan" has the meaning set forth in Section 2.5.

(tttt) "Special City Loan Payment" has the meaning in Section 3(b) of the Intercreditor Agreement.

(uuuu) "Special County Loan Payment" has the meaning in Section 2.8(b).

(vvvv) "Statement of Residual Receipts" means an itemized statement of Residual Receipts.

(wwww) "Tax Credit Investor Equity" has the meaning set forth in Section 1.1(i)(v).

(xxxx) "TCAC" means the California Tax Credit Allocation Committee.

(yyyy) "Tenant" means the tenant household that occupies a unit in the Development.

(zzzz) "Term" means the period of time that commences on the date of this Agreement, and expires, unless sooner terminated in accordance with this Agreement, on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of this Agreement.

(aaaaa) "Transfer" has the meaning set forth in Section 4.13 below.

(bbbbb) "VHHP" has the meaning set forth in Section 1.1(i)(iv).

(ccccc) "VHHP Loan" has the meaning set forth in Section 1.1(i)(iv).

Section 1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A: Legal Description of the Property
Exhibit B: Approved Development Budget
Exhibit C: NEPA Mitigation Requirements

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

(a) Upon satisfaction of the conditions set forth in Section 2.6 and Section 2.7 of this Agreement, the County shall lend to Borrower the Loan for the purposes set forth in Section 2.3 of this Agreement. Borrower's obligation to repay the Loan is evidenced by the Note.

(b) Concurrent with the execution of this Agreement the HOPWA Loan Agreement will be terminated. This Agreement supersedes in its entirety the HOPWA Loan Agreement. The Note supersedes the Original HOPWA Note. Upon execution of the Note the Original HOPWA Note will be marked "cancelled" and returned to Borrower. The Deed of Trust supersedes the Original HOPWA Deed of Trust. The Original HOPWA Deed of Trust will be reconveyed concurrently herewith. As of the date of this Agreement Six Hundred Fifty Thousand Dollars (\$650,000) of the HOPWA Loan has been disbursed to Borrower pursuant to the HOPWA Loan Agreement.

Section 2.2 Interest.

(a) HOME Loan. Subject to the provisions of subsection (e) below, simple interest will accrue on the outstanding principal balance of the HOME Loan at a per annum rate of interest equal to three percent (3%), commencing on the date of disbursement.

(b) HOPWA Loan. Subject to the provisions of subsection (e) below, no

interest will accrue on the outstanding principal balance of the HOPWA Loan.

(c) NSP1 Loan. Subject to the provisions of Subsection (e) below, the NSP1 Loan bears simple interest at a rate of three percent (3%) per annum from the date of disbursement until full repayment of the principal balance of the NSP1 Loan.

(d) Housing Trust Loan. Subject to the provisions of Subsection (e) below, the Housing Trust Loan bears simple interest at a rate of three percent (3%) per annum from the date of disbursement until full repayment of the principal balance of the Housing Trust Loan.

(e) Default Interest. Upon the occurrence of an Event of a Default, interest on the outstanding principal balance of the Loan will begin to accrue, beginning on the date of such occurrence and continuing until the date the Loan is repaid in full or the Event of Default is cured, at the Default Rate.

Section 2.3 Use of Loan Funds.

(a) HOME Loan. Borrower shall use the HOME Loan for construction costs, consistent with the Approved Development Budget. Use of the HOME Loan for reimbursement of costs incurred prior to the date of this Agreement is subject to Section 92.206(d)(1) of the HOME Regulations.

(b) HOPWA Loan. Borrower shall use the HOPWA Loan for predevelopment and construction costs, consistent with the Approved Development Budget.

(c) NSP1 Loan. Borrower shall use the NSP1 Loan for soft costs, closing costs, and construction costs, consistent with the Approved Development Budget.

(d) Housing Trust Loan. Borrower shall use the Housing Trust Loan for soft costs, closing costs, and construction costs, consistent with the Approved Development Budget.

(e) Borrower may not use the Loan proceeds for any other purposes without the prior written consent of the County.

Section 2.4 Security.

In consideration of the Loan, Borrower shall (i) secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust, and cause or permit it to be recorded as a lien against the Property, and (ii) execute the Regulatory Agreements, and the Intercreditor Agreement, and cause or permit them to be recorded against the Property.

Section 2.5 Subordination.

(a) Any agreement by the County to subordinate the Deed of Trust and/or Regulatory Agreements to an encumbrance securing and/or evidencing the MHP Loan, the VHHP Loan, the Bank Construction Loan, or any loan obtained by Borrower to refinance the Bank Construction Loan (collectively, the "Senior Loan") will be subject to the satisfaction of each of the following conditions:

(i) All of the proceeds of the Senior Loan, less any transaction costs, are used to provide acquisition, construction and/or permanent financing for the Development.

(ii) The lender of the Senior Loan is a state or federally chartered financial institution, a nonprofit corporation or a public entity that is not affiliated with Borrower or any of Borrower's affiliates, other than as a depositor or a lender.

(iii) Borrower demonstrates to the County's satisfaction that subordination of the Deed of Trust and the Regulatory Agreements is necessary to secure adequate acquisition, construction, and/or permanent financing to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by the Loan Documents. To satisfy this requirement, Borrower must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate acquisition, construction, 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.

(iv) The subordination agreement(s) is structured to minimize the risk that the Deed of Trust and the Regulatory Agreements will be extinguished as a result of a foreclosure by the Bank or other holder of the Senior Loan. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by Borrower, including: (1) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to Borrower; and (2) providing the County with a cure period of at least sixty (60) days to cure any default.

(v) The subordination(s) of the Loan is effective only during the original term of the Senior Loan and any extension of its term that is approved in writing by the County.

(vi) The subordination does not limit the effect of the Deed of Trust and the Regulatory Agreements before a foreclosure, nor require the consent of the holder(s) of the Senior Loan prior to the County exercising any remedies available to the County under the Loan Documents.

(b) Upon a determination by the County's Deputy Director – Department of Conservation and Development that the conditions in Subsection (a) have been satisfied, the Deputy Director – Department of Conservation and Development or his/her designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval.

(c) The County agrees to subordinate the Deed of Trust and the Regulatory Agreements to that certain Rental Assistance Demonstration (RAD) Use Agreement to be entered into between HUD and Borrower, pursuant to a form of subordination agreement provided by HUD and approved by the County.

Section 2.6 Conditions Precedent to Disbursement of Loan Funds for

Construction.

Until the conditions set forth in Section 2.7 have been met, the disbursements made pursuant to this Agreement may not exceed Two Million Nine Hundred Seventy Thousand Dollars (\$2,970,000). The County is not obligated to disburse any portion of the New Loan, or to take any other action under the Loan Documents unless all of the following conditions have been and continue to be satisfied:

- (a) There exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Agreement;
- (b) Borrower holds title to the Property or is acquiring title to the Property simultaneously with the disbursement of the Loan proceeds;
- (c) Borrower has delivered to the County a copy of a corporate resolution authorizing Borrower to obtain the Loan and all other Approved Financing, and execute the Loan Documents;
- (d) There exists no material adverse change in the financial condition of Borrower from that shown by the financial statements and other data and information furnished by Borrower to the County prior to the date of this Agreement;
- (e) Borrower has furnished the County with evidence of the insurance coverage meeting the requirements of Section 4.14 below;
- (f) Borrower has executed and delivered to the County the Loan Documents and has caused all other documents, instruments, and policies required under the Loan Documents to be delivered to the County;
- (g) The Deed of Trust, the Regulatory Agreements, and the Intercreditor Agreement, have been recorded against the Property in the Office of the Recorder of the County of Contra Costa;
- (h) A title insurer reasonably acceptable to the County is unconditionally and irrevocably committed to issuing an LP-10 2006 ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the County, and containing such endorsements as the County may reasonably require. The Borrower shall provide whatever documentation (including an indemnification agreement), deposits or surety is reasonably required by the title company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any start of construction that has occurred prior to the recordation of the Deed of Trust against the Property in the Office of the Recorder of the County of Contra Costa;
- (i) All environmental review necessary for the construction of the Development has been completed, and Borrower has provided the County evidence of planned compliance with all NEPA and CEQA requirements and mitigation measures applicable to construction, and evidence of compliance with all NEPA and CEQA

requirements and mitigation measures applicable to preconstruction;

(j) The County has determined the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that Borrower has obtained in connection with the construction of the Development, are not less than the amount the County determines is necessary to pay for the construction of the Development and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreements;

(k) Borrower has obtained all permits and approvals necessary for the construction of the Development;

(l) The County has received and approved the Bid Package for the subcontractors for the construction of the Development pursuant to Section 3.2 below;

(m) The County has received and approved the general contractor's construction contract that the Borrower has entered or proposed to enter for the construction of the Development pursuant to Section 3.3 below;

(n) The County has received and approved labor and material (payment) bonds and performance bonds as required pursuant to Section 3.4 below;

(o) Borrower has closed the loans and obtained the equity financings that comprise the Approved Financing described in Section 1.1(i), subsections (i),(ii),(v), and (vi) and has already received, or is eligible to receive, the funds;

(p) The County has received a fully executed copy of the Partnership Agreement, in which the Investor Limited Partner is obligated to provide Borrower the Tax Credit Investor Equity;

(q) The County has received fully executed Standard Agreements between the Borrower and HCD governing the commitment of the MHP Loan and the VHHP Loan;

(r) The County has received a fully executed copy of the Agreement to Enter Housing Assistance Payment Contract between Borrower and the Housing Authority governing the commitment of project-based section 8 rental assistance for twelve (12) units in the Development by the Housing Authority;

(s) The County has received a fully executed copy of the Agreement to Enter Into a Section 811 Rental Assistance Contract between Borrower and the California Housing Financing Agency governing the commitment of section 811 rental assistance for five (5) units in the Development by the California Housing Financing Agency;

(t) The County has received a fully executed copy of the New Construction Agreement between Borrower and Housing Authority governing the commitment of project-based section 8 rental assistance through the Rental Assistance Demonstration Program for twenty-two (22) units in the Development by the Housing Authority (the "RAD Units") or in the alternate the County has received a copy of the fully executed Housing Assistance Payment Contract between Borrower and the Housing Authority governing the commitment

of project-based section 8 rental assistance for the RAD Units;

(u) The County has received reasonable evidence that the local match requirements set forth in 24 C.F.R. Section 92.218 et seq., have been satisfied pursuant to Section 4.1 of this Agreement; and

(v) The County has received a written draw request from Borrower, including: (i) certification that the condition set forth in Section 2.6(a) continues to be satisfied; (ii) certification that the proposed uses of funds is consistent with the Approved Development Budget; (iii) the amount of funds needed; and, (iv) where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. When a disbursement is requested to pay any contractor in connection with improvements on the Property, the written request must be accompanied by: (1) certification by the Borrower's architect reasonably acceptable to the County that the work for which disbursement is requested has been completed (although the County reserves the right to inspect the Property and make an independent evaluation); and (2) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to the County.

Section 2.7 Conditions Precedent to Disbursement of Retention.

The County is not obligated to disburse the Retention Amount unless the following conditions precedent are satisfied:

(a) The County has received a completion report from Borrower setting forth: (i) the income, household size, race, and ethnicity of Tenants of the County-Assisted Units; (ii) and the unit address, unit size, rent amount and utility allowance for all County-Assisted Units;

(b) The County has received a Final Cost Certification for the Development from Borrower showing all uses and sources;

(c) The County has received from Borrower copies of the certificate of occupancy or equivalent final permit sign-offs for the Development;

(d) The County has received from Borrower current evidence of the insurance coverage meeting the requirements of Section 4.14 below;

(e) The County has received from Borrower a form of Tenant lease;

(f) The County has received from Borrower a Marketing Plan, Tenant Selection Plan, and Social Services Plan as defined in the HOME/HOPWA Regulatory Agreement;

(g) The County has received a copy of a social services plan and social services budget for the provision of social services to Tenants;

(h) The County has received from Borrower evidence of marketing for any vacant County-Assisted Unit in the Development such as copies of flyers, list of media ads,

list of agencies and organizations receiving information on availability of such units, as applicable;

(i) The County has received from Borrower all relevant contract activity information, including compliance with Section 3 requirements as set forth in Section 4.7(b)(xii) of the HOME/HOPWA Regulatory Agreement, and MBE/WBE requirements;

(j) If Borrower was required to comply with relocation requirements as set forth in Section 4.7(b)(vi) of the HOME/HOPWA Regulatory Agreement, the County has received from Borrower evidence of compliance with all applicable relocation requirements;

(k) The County has received from Borrower a copy of the management agreement and contact information for the property manager of the Development and the name and phone number of the on-site property manager;

(l) If Borrower is required to pay prevailing wages under the Davis-Bacon Act (40 U.S.C. 3141-3148) by the HUD regulations governing the County Loan, the County has received confirmation that Borrower has submitted all certified payrolls to the County, and any identified payment issues have been resolved, or Borrower is working diligently to resolve any such issues;

(m) The County has received from Borrower evidence of compliance with all NEPA mitigation requirements as set forth in Exhibit C;

(n) The County has received a fully executed copy of the Housing Assistance Payment Contract between Borrower and the Housing Authority governing the provision of project-based section 8 rental assistance for twelve (12) units in the Development by the Housing Authority;

(o) The County has received a fully executed copy of the Housing Assistance Payment Contract between Borrower and the Housing Authority governing the provision of project-based section 8 rental assistance through the Rental Assistance Demonstration Program for twenty-two (22) units in the Development by the Housing Authority;

(p) The County has received a fully executed copy of the Section 811 Rental Assistance Contract between Borrower and the California Housing Financing Agency governing the provision of section 811 rental assistance for five (5) units in the Development by the California Housing Financing Agency;

(q) The County has received a fully executed copy of the agreement between Borrower and HCD governing the provision of capitalized operating subsidy reserve associated with the VHHP; and

(r) The County has received a written draw request from Borrower, including certification that the condition set forth in Section 2.6(a) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Approved Development Budget, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. Borrower shall apply the disbursement for the purpose(s) requested.

Section 2.8 Repayment Schedule.

(a) Annual Payments of Loan. Commencing on June 1, 2019 and on June 1 of each year thereafter during the Term, Borrower shall make a Loan payment in an amount equal to the sum of (1) the County Loan Prorata Percentage of the Lenders' Share of Residual Receipts and (2) the County Additional Prorata Share multiplied by Borrower's Shared Portion of Residual Receipts (each such payment, an "Annual Payment"). The County shall apply all Annual Payments first, to accrued interest; and second, to principal.

(b) Special Repayments of Loan from Net Proceeds of Permanent Financing. To the extent consistent with the regulations applicable to the MHP Loan and VHHP Loan, no later than ten (10) days after the date Borrower receives its final capital contribution from the Investor Limited Partner, Borrower shall pay to the County as a special repayment of the Loan, an amount equal to the result obtained by multiplying the County Additional Prorata Share by the Available Net Proceeds (the "Special County Loan Payment"). No later than one hundred eighty (180) days following completion of construction of the Development, Borrower shall submit to the County for its review a preliminary calculation of the Net Proceeds of Permanent Financing and a draft of the Final Cost Certification as defined Section 4.3 below. The County shall approve or disapprove Borrower's determination of the amount of the Net Proceeds of Permanent Financing in writing within thirty (30) days after receipt. If Borrower's determination is disapproved by the County, Borrower shall re-submit documentation to the County until the County approval is obtained.

(c) Special Repayment of HOME Loan for Failure to Lease. If on or before the Rental Shortfall Due Date, Borrower fails to cause each of the HOME-Assisted Units to be rented to and occupied by an Eligible Household in accordance with Section 2.1(b) of the HOME/HOPWA Regulatory Agreement, Borrower shall pay the County the Rental Shortfall Payment, plus accrued interest, on the Rental Shortfall Due Date.

(i) The "Rental Shortfall Due Date" is the date that occurs eighteen (18) months after the Completion Date.

(ii) The "Rental Shortfall Payment" is an amount equal to the result obtained by multiplying (1) the number of HOME-Assisted Units that have not been rented to and occupied by an Eligible Household on or before the Rental Shortfall Due Date, by (2) a fraction, the numerator of which is the then-outstanding principal balance on the HOME Loan and the denominator of which is the number of HOME-Assisted Units.

(iii) Interest on the Rental Shortfall Payment will accrue in accordance with Section 2.2(a) through the Rental Shortfall Due Date. If the Rental Shortfall Payment is not paid on or before the Rental Shortfall Due Date, interest on the Rental Shortfall Payment will accrue at the Default Rate beginning on the day after the Rental Shortfall Due Date and continuing until the Rental Shortfall Payment is paid in full with interest.

(d) Payment in Full of Loan. Borrower shall pay all outstanding principal and accrued interest on the Loan, in full, on the earliest to occur of: (i) any Transfer other than as permitted pursuant to Section 4.13; (ii) an Event of Default; and (iii) the expiration of the Term.

(e) Prepayment. Borrower may prepay the Loan at any time without premium or penalty. However, the Regulatory Agreements and the Deed of Trust will remain in effect for the entire Term, regardless of any prepayment or Transfer.

Section 2.9 Reports and Accounting of Residual Receipts.

(a) Borrower shall keep and maintain at the principal place of business of the Borrower set forth in Section 7.9 below, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's calculation of Residual Receipts and disbursements of Residual Receipts.

(b) In connection with the Annual Payment, Borrower shall furnish to the County:

(i) The Statement of Residual Receipts for the relevant period. The first Statement of Residual Receipts will cover the period that begins on January 1, 2018 and ends on December 31st of that same year. Subsequent statements of Residual Receipts will cover the twelve-month period that ends on December 31 of each year;

(ii) A statement from the independent public accountant that audited the Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lenders' Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts is accurate based on Gross Revenue and Annual Operating Expenses; and

(iii) Any additional documentation reasonably required by the County to substantiate Borrower's calculation of Lenders' Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts.

(c) The receipt by the County of any statement pursuant to subsection (b) above or any payment by Borrower or acceptance by the County of any Loan repayment for any period does not bind the County as to the correctness of such statement or payment. The County may audit the Residual Receipts and all books, records, and accounts pertaining thereto pursuant to Section 4.6 below.

Section 2.10 Non-Recourse.

Except as provided below, neither Borrower, nor any partner of Borrower, has any direct or indirect personal liability for payment of the principal of, and interest on, the Loan. Following recordation of the Deed of Trust, the sole recourse of the County with respect to the principal of, or interest on, the Note will be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability limits or impairs the enforcement of all the rights and remedies of the County against all such security for the Note, or impairs the right of County to assert the unpaid principal amount of the Note as demand for money within the meaning and intent 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 to repay the principal and interest on the Note. Except as hereafter set forth; nothing

contained herein is intended to relieve Borrower of its obligation to indemnify the County under the Loan Documents including but not limited to Sections 3.8, 3.9, 4.7, and 7.4 of this Agreement and Sections 2.1(f), 2.1(g), and 4.7(b)(vi) of the HOME/HOPWA Regulatory Agreement, or liability for: (i) loss or damage of any kind resulting from waste, fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust; and (iv) 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 Property.

ARTICLE 3 CONSTRUCTION OF THE DEVELOPMENT

Section 3.1 Permits and Approvals.

Borrower shall obtain all permits and approvals necessary for the construction of the Development no later than September 30, 2016, or such later date that the County approves in writing.

Section 3.2 Bid Package.

Not later than thirty (30) days prior to Borrower's proposed date for advertising the Bid Package, Borrower shall submit to the County a copy of Borrower's general contractor's proposed Bid Package. The County's Deputy Director, Department of Conservation and Development, or his or her designee, shall approve or disapprove the Bid Package within fifteen (15) days after receipt of the Bid Package by the County. If the County rejects the proposed Bid Package the reasons therefore must be given to Borrower. The Borrower will then have fifteen (15) days to revise the proposed Bid Package and resubmit it to the County. The County will then have fifteen (15) days to review and approve Borrower's new or corrected Bid Package. The provisions of this Section will continue to apply until a proposed Bid Package has been approved by the County. Borrower may not publish a proposed Bid Package until it has been approved by the County.

Section 3.3 Construction Contract.

(a) Not later than fifteen (15) days prior to the proposed Commencement of Construction, Borrower shall submit to the County for its approval a draft of the proposed construction contract for the Development. All construction work and professional services are to be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California. Each contract that Borrower enters for construction of the Development is to provide that at least ten percent (10%) of the costs incurred will be payable only upon completion of the construction, subject to early release of retention for specified subcontractors upon approval by the County. The construction contract will include all applicable HOME and HOPWA requirements set forth in Section 4.7 of the HOME/HOPWA Regulatory Agreement. The County's approval of the construction contract may not be deemed to constitute approval of or concurrence with any

term or condition of the construction contract except as such term or condition may be required by this Agreement.

(b) Upon receipt by the County of the proposed construction contract, the County shall promptly review same and approve or disapprove it within ten (10) days. If the construction contract is not approved by the County, the County shall set forth in writing and notify Borrower of the County's reasons for withholding such approval. Borrower shall thereafter submit a revised construction contract for County approval, which approval is to be granted or denied in ten (10) days in accordance with the procedures set forth above. Any construction contract executed by Borrower for the Development is to be in the form approved by the County.

Section 3.4 Construction Bonds.

Not later than thirty (30) days prior to the proposed Commencement of Construction Borrower shall deliver to the County copies of labor and material bonds and performance bonds for the construction of the Development in an amount equal to one hundred percent (100%) of the scheduled cost of the construction of the Development. Such bonds must name the County as a co-obligee.

Section 3.5 Commencement of Construction.

Borrower shall cause the Commencement of Construction of the Development to occur no later than September 30, 2016, or such later date that the County approves in writing, but in no event later than 1 year from date of this Agreement. For the purposes of this Agreement, "Commencement of Construction" means the date set for the start of construction of the Development in the notice to proceed issued by Borrower to Borrower's general contractor.

Section 3.6 Completion of Construction.

(a) Borrower shall diligently prosecute construction of the Development to completion, and shall cause the construction of the Development to be completed no later than December 31, 2018, or such later date that the County approves in writing.

(b) Borrower shall give notice to the County upon completion of construction of the Development. Upon receipt of such notice the County will perform an inspection of the Development to determine if the Development was constructed in accordance with the HOME Regulations, including the property standards set forth in 24 C.F.R. 92.251. If the County determines the Development was not constructed in accordance with the HOME Regulations, the County will provide Borrower with a written report of the deficiencies. Borrower shall correct such deficiencies within the timeframe set forth in the notice provided to Borrower by the County. The Development may not be occupied until such deficiencies have been corrected to the satisfaction of the County.

Section 3.7 Changes; Construction Pursuant to Plans and Laws.

(a) Changes. Borrower shall construct the Development in conformance with (i) the plans and specifications approved by the City's Building Inspection Department, and

(ii) the Approved Development Budget. Borrower shall notify the County in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by the City. Written authorization from the County must be obtained before any of the following changes, additions, or deletions in work for the Development may be performed: (i) any change in the work the cost of which exceeds Fifty Thousand Dollars (\$50,000); or (ii) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars (\$100,000) or ten percent (10%) of the Loan amount, whichever is less; or (iii) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Development as provided for in the plans and specifications approved by the County. The County's consent to any additions, changes, or deletions to the work does not relieve or release Borrower from any other obligations under this Agreement, or relieve or release Borrower or its surety from any surety bond.

(b) Compliance with Laws. Borrower shall cause all work performed in connection with the Development to be performed in compliance with:

(i) all applicable laws, codes (including building codes and codes applicable to mitigation of disasters such as earthquakes), ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter;

(ii) the property standards set out in 24 C.F.R. 92.251 as implemented by Section 5.6 of the HOME/HOPWA Regulatory Agreement, and 24 C.F.R. Section 574.310; and

(iii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. Borrower may permit the work to proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and Borrower is responsible to the County for the procurement and maintenance thereof.

Section 3.8 Prevailing Wages.

(a) Davis Bacon. To the extent required by applicable law Borrower shall cause construction of the Development to be in compliance with the prevailing wage requirements of the federal Davis-Bacon Act (40 U.S.C. 3141-3148). Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this subsection survive the repayment of the Loan, and the reconveyance of the Deed of Trust.

(b) State Prevailing Wages.

(i) To the extent required by applicable law Borrower shall:

(1) pay, and shall cause any consultants or contractors to pay, prevailing wages in the construction of the Development as those wages are determined pursuant to California Labor Code Section 1720 et seq.;

(2) cause any consultants or contractors to employ apprentices as required by California Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"), and to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR;

(3) keep and retain, and shall cause any consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Section 1720 et seq., and apprentices have been employed as required by California Labor Code Section 1777.5 et seq.;

(4) post at the Property, or shall cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

(5) cause contractors and subcontractors constructing the Development to be registered as set forth in California Labor Code Section 1725.5;

(6) cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Development to specify that:

(A) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Development unless registered with the DIR pursuant to California Labor Code Section 1725.5; and

(B) the construction of the Development is subject to compliance monitoring and enforcement by the DIR.

(7) provide the County all information required by California Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

(8) cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

(9) cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

(ii) Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices pursuant to California Labor Code Section 1777.5 et seq., to meet the conditions of California Labor Code Section 1771.4, and implementing regulations of the DIR, or to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and 1771.4, and the implementing regulations of the DIR, in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Section survive the repayment of the Loan, and the reconveyance of the Deed of Trust.

Section 3.9 Accessibility.

Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973 ("Section 504"); Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations (collectively, the "Accessibility Requirements"). In compliance with Section 504, a minimum of five (5) County-Assisted Units must be constructed to be fully accessible to households with a mobility impaired member and an additional two (2) County-Assisted Units must be constructed to be fully accessible to hearing and/or visually impaired persons. In compliance with Section 504 Borrower shall provide the County with a certification from the Development architect that to the best of the architect's knowledge, the Development complies with all federal and state accessibility requirements applicable to the Development. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its architect, contractor and subcontractors) to construct the Development in accordance with the Accessibility Requirements. The requirements in this Subsection survive repayment of the Loan and the reconveyance of the Deed of Trust.

Section 3.10 Equal Opportunity.

During the construction of the Development discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the construction work is not allowed.

Section 3.11 Minority and Women-Owned Contractors.

Borrower shall use its best efforts to afford minority-owned and women-owned business enterprises the maximum practicable opportunity to participate in the construction of the Development. Borrower shall, at a minimum, notify applicable minority-owned and women-owned business firms located in Contra Costa County of bid opportunities for the construction of the Development. A listing of minority owned and women owned businesses located in the

County and neighboring counties is available from the County. Documentation of such notifications must be maintained by Borrower and available to the County upon request.

Section 3.12 Progress Reports.

Until such time as Borrower has received a certificate of occupancy from the City for the Development, Borrower shall provide the County with quarterly progress reports regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.16 below.

Section 3.13 Construction Responsibilities.

(a) Borrower is responsible for the coordination and scheduling of the work to be performed so that commencement and completion of the construction of the Development takes place in accordance with this Agreement.

(b) Borrower is solely responsible for all aspects of Borrower's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the County with reference to the Development is solely for the purpose of determining whether Borrower is properly discharging its obligations to the County, and may not be relied upon by Borrower or by any third parties as a warranty or representation by the County as to the quality of the design or construction of the Development.

Section 3.14 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on the County or any other lender or other third party in connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the County a surety bond in sufficient form and amount, or provide the County with other assurance satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the County may (but is under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the County may require Borrower to immediately deposit with the County the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The County may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Development for a continuous period of thirty (30) days or more, and take all other steps necessary to forestall the assertion of claims of

lien against the Property. Borrower authorizes the County, but the County has no obligation, to record any notices of completion or cessation of labor, or any other notice that the County deems necessary or desirable to protect its interest in the Development and Property.

Section 3.15 Inspections.

Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development by the County and by public authorities during reasonable business hours during the Term, for the purposes of determining compliance with this Agreement.

Section 3.16 Approved Development Budget; Revisions to Budget.

As of the date of this Agreement, the County has approved the Approved Development Budget set forth in Exhibit B. Borrower shall submit any required amendments to the Approved Development Budget to the County for approval within five (5) days after the date Borrower receives information indicating that actual costs of the Development vary or will vary from the costs shown on the Approved Development Budget. Written consent of the County will be required to amend the Approved Development Budget.

Section 3.17 Developer Fee.

The maximum cumulative Developer Fee that may be paid to any entity or entities providing development services to the Development, whether paid up-front or on a deferred basis, is not to exceed the amount allowed by TCAC and as approved by the County. For the purposes of this Agreement "Developer Fee" has the meaning set forth in California Code of Regulations, Title 4, Section 10302(l). The total of Developer Fee paid, whether paid up-front or on a deferred basis, out of Annual Operating Expenses, is not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000). Such limit does not apply to any capital contributions Borrower's general partner is required to make toward payment of Development Fee.

Section 3.18 Partnership/Asset Fee.

During the Fifteen Year Compliance Period, the Partnership/Asset Fee is not to exceed Thirty-Two Thousand Dollars (\$32,000) per year. After the expiration of the Fifteen Year Compliance Period, the Partnership/Asset Fee is not to exceed Twenty-Five Thousand Dollars (\$25,000) per year.

Section 3.19 NEPA Mitigation Requirements.

Borrower shall comply with the NEPA mitigation requirements set forth in the attached Exhibit C in the construction of the Development.

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Match Requirement.

The Borrower shall ensure that the Loan is matched with a minimum of One Hundred Seventy-Five Thousand Dollars (\$175,000) in other, non-federal sources, pursuant to and eligible under applicable HOME regulations.

Section 4.2 Reserve Accounts.

(a) Replacement Reserve Account. Borrower shall establish and maintain an account that is available for capital expenditures for repairs and replacement necessary to maintain the Development in the condition required by the Loan Documents (the "Replacement Reserve Account"). Borrower shall make annual deposits to the Replacement Reserve Account in the amounts required in the Partnership Agreement. In no event shall the annual amount deposited in the Replacement Reserve Account exceed Six Hundred Dollars (\$600) per unit, increasing by the applicable consumer price index every five (5) years, or such greater amount required in connection with the Partnership Agreement or any permanent financing, and approved by the County.

(b) Operating Reserve Account. Borrower shall establish and maintain an account that is available to fund operating deficits (which is the amount by which Annual Operating Expenses exceed Gross Revenue for any period) (the "Operating Reserve Account"). Borrower shall capitalize the Operating Reserve Account in the amount required by TCAC (currently three months of Annual Operating Expenses); provided, however that if the Partnership Agreement or the documents evidencing the Bank Loan require the Operating Reserve Account to be capitalized in an amount greater than the TCAC requirement, Borrower shall capitalize the Operating Reserve Account as required by the Partnership Agreement or the documents evidencing the Bank Loan, as applicable, for as long as the Partnership Agreement or the Bank Loan, as applicable, is outstanding. In no event may the amount held in the Operating Reserve Account exceed six (6) months gross rent from the Development (as such rent may vary from time to time).

Section 4.3 Financial Accountings and Post-Completion Audits.

(a) No later than ninety (90) days following completion of construction of the Development, Borrower shall provide to the County for its review and approval a financial accounting of all sources and uses of funds for the Development.

(b) No later than one hundred twenty (120) days after Permanent Conversion, Borrower shall submit an audited financial report showing the sources and uses of all funds utilized for the Development. This requirement may be satisfied by providing the Final Cost Certification to the County. "Final Cost Certification" means the Final Cost Certification Sources and Uses of Funds prepared by Borrower for the Development that: (i) Borrower submits to TCAC; and (ii) has been prepared using generally accepted accounting standards in effect in the United States of America from time to time, consistently applied.

Section 4.4 Approval of Annual Operating Budget.

At the beginning of each year of the Term, Borrower shall provide to the County an annual budget for the operation of the Development. The County may request additional information to assist the County in evaluating the financial viability of the Development. Unless rejected by the County in writing within thirty (30) days after receipt of the budget, the budget will be deemed accepted. If rejected by the County in whole or in part, Borrower shall submit a new or corrected budget within thirty (30) calendar days after notification of the County's rejection and the reasons therefor. The provisions of this Section relating to time periods for resubmission of new or corrected budgets will continue to apply until such budget has been approved by the County.

Section 4.5 Information.

Borrower shall provide any information reasonably requested by the County in connection with the Development, including (but not limited to) any information required by HUD in connection with Borrower's use of the Loan funds.

Section 4.6 County Audits.

(a) Each year, Borrower shall provide the County with a copy of Borrower's annual audit, which is to include information on all of Borrower's activities and not just those pertaining to the Development.

(b) In addition, the County may, at any time, audit all of Borrower's books, records, and accounts pertaining to the Development including but not limited to the Residual Receipts of the Development. Any such audit is to be conducted during normal business hours at the principal place of business of Borrower and wherever records are kept. Immediately after the completion of an audit, the County shall deliver a copy of the results of the audit to Borrower.

(c) If it is determined as a result of an audit that there has been a deficiency in a loan repayment to the County then such deficiency will become immediately due and payable, with interest at the Default Rate from the date the deficient amount should have been paid. In addition, if the audit determines that Residual Receipts have been understated for any year by the greater of: (i) Two Thousand Five Hundred Dollars (\$2,500); and (ii) an amount that exceeds five percent (5%) of the Residual Receipts, then, in addition to paying the deficiency with interest, Borrower shall pay all of the County's costs and expenses connected with the audit and review of Borrower's accounts and records.

Section 4.7 Hazardous Materials.

(a) Borrower shall keep and maintain the Property (including but not limited to, soil and ground water conditions) in compliance with all Hazardous Materials Laws and may not cause or permit the Property to be in violation of any Hazardous Materials Law. Borrower may not cause or permit the use, generation, manufacture, storage or disposal of on, under, or about the Property or transportation to or from the Property of any Hazardous Materials, except such of the foregoing as may be customarily used in construction of

projects like the Development or kept and used in and about residential property of this type.

(b) Borrower shall immediately advise the County in writing if at any time it receives written notice of any Hazardous Materials Claims, and Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code, Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) The County has the right to join and participate in, as a party if it so elects, and be represented by counsel acceptable to the County (or counsel of its own choice if a conflict exists with Borrower) in any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower.

(d) Borrower shall indemnify and hold harmless the County and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, fine, penalty, judgment, award, settlement, expense or liability, directly or indirectly arising out of or attributable to: (i) any actual or alleged past or present violation of any Hazardous Materials Law; (ii) any Hazardous Materials Claim; (iii) any actual or alleged past or present use, generation, manufacture, storage, release, threatened release, discharge, disposal, transportation, or presence of Hazardous Materials on, under, or about the Property; (iv) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Property relating to Hazardous Materials (whether on the Property or any other property); and (v) the breach of any representation of warranty by or covenant of Borrower in this Section 4.7, and Section 5.1(l). Such indemnity shall include, without limitation: (x) all consequential damages; (y) the costs of any required or necessary investigation, repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (z) all reasonable costs and expenses incurred by the County in connection with clauses (x) and (y), including but not limited to reasonable attorneys' fees and consultant fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property, (2) loss or restriction of use of rentable space on the Property, (3) adverse effect on the marketing of any rental space on the Property, and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify will survive termination of this Agreement and will not be diminished or affected in any respect as a result of any notice, disclosure, knowledge, if any, to or by the County of Hazardous Materials.

(e) Without the County's prior written consent, which will not be unreasonably withheld, Borrower may not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any

settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the County's judgment, impair the value of the County's security hereunder; provided, however, that the County's prior consent is not necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the County's consent before taking such action, provided that in such event Borrower shall notify the County as soon as practicable of any action so taken. The County agrees not to withhold its consent, where such consent is required hereunder, if: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Borrower establishes to the satisfaction of the County that there is no reasonable alternative to such remedial action which would result in less impairment of the County's security hereunder; or (iv) the action has been agreed to by the County.

(f) Borrower hereby acknowledges and agrees that: (i) this Section is intended as the County's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(g) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the County's or the trustee's rights and remedies under the Deed of Trust, the County may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (i) waive its lien on such environmentally impaired or affected portion of the Property; and (ii) exercise, (1) the rights and remedies of an unsecured creditor, including reduction of its claim against Borrower to judgment, and (2) any other rights and remedies permitted by law. For purposes of determining the County's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Borrower will be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the County in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate, until paid, will be added to the indebtedness secured by the Deed of Trust and is due and payable to the County upon its

demand made at any time following the conclusion of such action.

Section 4.8 Maintenance; Damage and Destruction.

(a) During the course of both construction and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition, and in accordance with the Regulatory Agreements.

(b) Subject to the requirements of senior lenders, and if economically feasible in the County's judgment after consultation with Borrower, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the County with such changes as have been approved by the County. Such work or repair is to be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the County in writing, after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and is to be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction are to be applied to the cost of such repairs or restoration and, if such insurance proceeds are insufficient for such purpose, then Borrower shall make up the deficiency. If Borrower does not promptly make such repairs then any insurance proceeds collected for such damage or destruction are to be promptly delivered by Borrower to the County as a special repayment of the Loan, subject to the rights of the senior lenders, if any.

Section 4.9 Fees and Taxes.

Borrower is solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Development, and shall pay such charges prior to delinquency and at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property. Borrower is also solely responsible for payment of all personal property taxes, and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, and shall pay such charges prior to delinquency and at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property.

However, Borrower is not required to pay and discharge any such charge so long as: (i) the legality thereof is being contested diligently and in good faith and by appropriate proceedings; and (ii) if requested by the County, Borrower deposits with the County any funds or other forms of assurance that the County in good faith from time to time determines appropriate to protect the County from the consequences of the contest being unsuccessful.

In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final determination of the proceeding or contest, will immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

Borrower shall not apply for a property tax exemption for the Property under any provision of law except California Revenue and Taxation Section 214(g) without the prior

written consent of the County.

Section 4.10 Notice of Litigation.

Borrower shall promptly notify the County in writing of any litigation that has the potential to materially affect Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.11 Operation of Development as Affordable Housing.

Borrower shall operate the Development (i) in accordance with all applicable laws, codes, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, and (ii) as an affordable housing development consistent with: (1) HUD's requirements for use of HOPWA Funds, NSP1 Funds, and HOME Funds; (2) the Regulatory Agreements; (3) any other regulatory requirements imposed on Borrower including but not limited to regulatory agreements associated with the City Loan, MHP Loan, VHHP Loan, Low Income Housing Tax Credits provided by TCAC; and (4) any regulatory requirements imposed on Borrower related to the rental subsidies provided to the Development.

Section 4.12 Nondiscrimination.

(a) Borrower covenants by and for itself and its successors and assigns that there will be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age (except for lawful senior housing in accordance with state and federal law), familial status, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor may Borrower or any person claiming under or through Borrower 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, subtenants, sublessees or vendees in the Property. The foregoing covenant will run with the land.

(b) Nothing in this Section prohibits Borrower from requiring County-Assisted Units in the Development to be available to and occupied by income eligible households in accordance with the Regulatory Agreements, or from requiring the HOPWA-Assisted Units in the Development to be available to and occupied by HOPWA Eligible Households.

Section 4.13 Transfer.

(a) For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under this Agreement; and/or (ii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" excludes the leasing of any single unit in the Development to an occupant in compliance with the

Regulatory Agreements and the granting of easements, licenses, rights-of-way or other rights or privileges in the nature of easements to facilitate the Development, in accordance with Section 2.2 of the Deed of Trust. The County Deputy Director – Department of Conservation and Development is authorized to execute assignment and assumption agreements on behalf of the County to implement any approved Transfer.

(b) Except as otherwise permitted in this Section 4.13, no Transfer is permitted without the prior written consent of the County, which the County may withhold in its sole discretion. The Loan will automatically accelerate and be due in full upon any Transfer made without the prior written consent of the County.

(c) The County hereby approves future Transfers of the limited partner interest of Borrower provided that: (i) such Transfers do not affect the timing and amount of the Investor Limited Partner capital contributions provided for in the Partnership Agreement; and (ii) in subsequent Transfers, the Investor Limited Partner or an affiliate thereof, retains a membership or partnership interest and serves as a managing member or managing general partner of the successor limited partner.

(d) The County hereby approves a Transfer of the Property from Borrower to SAHA, or a non-profit affiliate of SAHA, and an assumption of the Loan by such transferee at the end of the Fifteen Year Compliance Period, provided that: (i) such Transfer is pursuant to an option or right of first refusal agreement referenced in the Partnership Agreement, and (ii) the transferee expressly assumes the obligations of the Borrower under the Loan Documents, utilizing a form of assignment and assumption agreement provided by the County.

(e) The County hereby approves the purchase of the Investor Limited Partner interest by SAHA, or a non-profit affiliate of SAHA at the end of the Fifteen Year Compliance Period, provided that such Transfer is pursuant to an option or right of first refusal agreement referenced in the Partnership Agreement.

(f) In the event the general partner of Borrower is removed by the limited partner of Borrower for cause following default under the Partnership Agreement, the County hereby approves the removal of the general partner and the Transfer of the general partner interest to (i) a 501(c)(3) tax exempt nonprofit corporation or other entity with a 501(c)(3) tax exempt nonprofit corporation member or partner, that is selected by the Investor Limited Partner and approved by the County, and (ii) the Investor Limited Partner or an affiliate thereof, but only for a period not to exceed ninety (90) days from the date of removal of the general partner, during which time such entity shall diligently seek a replacement general partner meeting the requirements of subsection (i) above.

(g) The County hereby approves the grant of the security interests in the Development for Approved Financing.

Section 4.14 Insurance Requirements.

(a) Borrower shall maintain the following insurance coverage throughout the Term of the Loan:

(i) Workers' Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(ii) Commercial General Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(iii) Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable.

(iv) Builders' Risk insurance during the course of construction, and upon completion of construction, property insurance covering the Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County, naming the County as a Loss Payee, as its interests may appear. Flood insurance must be obtained if required by applicable federal regulations.

(v) Commercial crime insurance covering all officers and employees, for loss of Loan proceeds caused by dishonesty, in an amount approved by the County, naming the County a Loss Payee, as its interests may appear.

(b) Borrower shall cause any general contractor, agent, or subcontractor working on the Development under direct contract with Borrower or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (i), (ii), and (iii) above, except that the limit of liability for commercial general liability insurance for subcontractors must be One Million Dollars (\$1,000,000), and must require that such insurance will meet all of the general requirements of subsections (d) and (e) below.

(c) The required insurance must be provided under an occurrence form, and Borrower shall maintain the coverage described in subsection (a) continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three times the occurrence limits specified above.

(d) Commercial General Liability, Automobile Liability and Property insurance policies must be endorsed to name as an additional insured the County and its officers, agents, employees and members of the County Board of Supervisors.

(e) All policies and bonds are to contain: (i) the agreement of the insurer to give the County at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (iii) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iv)

a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any loss or damage thereby insured against.

Section 4.15 Covenants Regarding Approved Financing and Partnership Agreement.

(a) Borrower shall promptly pay the principal and interest when due on any Approved Financing.

(b) Borrower shall promptly notify the County in writing of the existence of any default under any documents evidencing Approved Financing whether or not a default has been declared by the lender, and any defaults under the Partnership Agreement, and provide the County copies of any notice of default.

(c) Borrower may not amend, modify, supplement, cancel or terminate the Partnership Agreement or any documents related to any loan that is part of the Approved Financing without the prior written consent of the County except for amendments solely to effectuate Transfers permitted under Section 4.13 above and amendments to the Partnership Agreement that do not affect the amount or timing of the Investor Limited Partner capital contributions or the computation and disbursement of Residual Receipts. Borrower shall provide the County copies of all amendments, modifications, and supplements to the Partnership Agreement and any document related to any loan that is part of the Approved Financing.

(d) Borrower may not incur any indebtedness of any kind other than Approved Financing or encumber the Development with any liens (other than liens for Approved Financing approved by the County) without the prior written consent of the County.

(e) The Partnership Agreement may not include any provisions that conflict with the provisions of this Agreement, including, without limitation, the Residual Receipts payment provisions of Section 2.8 above.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties.

Borrower hereby represents and warrants to the County as follows and acknowledges, understands, and agrees that the representations and warranties set forth in this Article 5 are deemed to be continuing during all times when any portion of the Loan remains outstanding:

(a) Organization. Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Borrower. Borrower has full power and authority to execute

and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. The Loan Documents and all other documents or instruments executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will: (i) conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever that is binding on Borrower, or conflict with any provision of the organizational documents of Borrower, or conflict with any agreement to which Borrower is a party; or (ii) result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Development will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to repay the Loan or impair the security to be given to the County pursuant hereto.

(h) Title to Land. At the time of recordation of the Deed of Trust, Borrower will have good and marketable fee title to the Development and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens shown on the County's title policy provided pursuant to Section

2.6(h) above, or approved in writing by the County.

(i) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the County fairly and accurately present the information contained therein. As of the date of this Agreement, there has not been any material adverse change in the financial condition of Borrower from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Borrower holds sufficient funds and/or binding commitments for sufficient funds to complete the acquisition of the Property and the construction of the Development in accordance with the terms of this Agreement.

(k) Taxes. Borrower and its subsidiaries have filed all federal and other material tax returns and reports required to be filed, and have paid all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Borrower or any of its subsidiaries that could, if made, be reasonably expected to have a material adverse effect on the property, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of Borrower and its subsidiaries, taken as a whole, or which could result in (i) a material impairment of the ability of Borrower to perform under any loan document to which it is a party, or (ii) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

(l) Hazardous Materials. To the best of Borrower's knowledge, except as disclosed in writing by Borrower to the County prior to the date of this Agreement: (i) no Hazardous Material has been disposed of, stored on, discharged from, or released to or from, or otherwise now exists in, on, under, or around, the Property; (ii) neither the Property nor Borrower is in violation of any Hazardous Materials Law; and (iii) neither the Property nor Borrower is subject to any existing, pending or threatened Hazardous Materials Claims.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default.

Any one or more of the following constitutes an "Event of Default" by Borrower under this Agreement:

(a) Failure to Construct. If Borrower fails to obtain permits, or to commence and prosecute construction of the Development to completion, within the times set forth in Article 3 above.

(b) Failure to Make Payment. If Borrower fails to make any payment when such payment is due pursuant to the Loan Documents.

(c) Failure to Submit Plans. If Borrower fails to submit a Marketing Plan, Tenant Selection Plan, or Social Services Plan that is approved by the County in accordance with the HOME/HOPWA Regulatory Agreement.

(d) Breach of Covenants. If Borrower fails to duly perform, comply with, or observe any other condition, term, or covenant contained in this Agreement (other than as set forth in Section 6.1(a) through Section 6.1(c), and Section 6.1(e) through Section 6.1(m)), or in any of the other Loan Documents, and Borrower fails to cure such default within thirty (30) days after receipt of written notice thereof from the County to Borrower.

(e) Default Under Other Loans. If a default is declared under any other financing for the Development by the lender of such financing and such default remains uncured following any applicable notice and cure period.

(f) Insolvency. If a court having jurisdiction makes or enters any decree or order: (i) adjudging Borrower to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of Borrower, or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties; (iv) directing the winding up or liquidation of Borrower if any such decree or order described in clauses (i) to (iv), inclusive, is unstayed or undischarged for a period of ninety (90) calendar days; or (v) Borrower admits in writing its inability to pay its debts as they fall due or will have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the Events of Default in this paragraph will act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(g) Assignment; Attachment. If Borrower assigns its assets for the benefit of its creditors or suffers a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon is returned or released within ninety (90) calendar days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(h) Suspension; Termination. If Borrower voluntarily suspends its business or, the partnership is dissolved or terminated, other than a technical termination of the partnership for tax purposes.

(i) Liens on Property and the Development. If any claim of lien (other than liens approved in writing by the County) is filed against the Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days, without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the County.

(j) Condemnation. If there is a condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development.

(k) Unauthorized Transfer. If any Transfer occurs other than as permitted pursuant to Section 4.13.

(l) Representation or Warranty Incorrect. If any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the County in connection with any of the Loan Documents, proves to have been incorrect in any material respect when made.

(m) Applicability to General Partner. The occurrence of any of the events set forth in Section 6.1(f), through Section 6.1(h) in relation to Borrower's managing general partner, unless the removal and replacement of the Borrower's managing general partner in accordance with Section 4.13(f), within the time frame set forth in Section 6.5 cures such a default.

Section 6.2 Remedies.

Upon the occurrence of an Event of Default and until such Event of Default is cured or waived, the County is relieved of any obligation to disburse any portion of the Loan. In addition, upon the occurrence of an Event of Default and following the expiration of all applicable notice and cure periods the County may proceed with any and all remedies available to it under law, this Agreement, and the other Loan Documents. Such remedies include but are not limited to the following:

(a) Acceleration of Note. The County may cause all indebtedness of Borrower to the County under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The County may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the County as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. Borrower is liable to pay the County on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the County in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The County has the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things that may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The County has the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. Upon demand therefor, Borrower shall reimburse the County for any funds advanced by the County to cure such monetary default by Borrower, together with interest thereon from the date of expenditure until the date of reimbursement at the Default Rate.

Section 6.3 Right of Contest.

Borrower may contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest is to be prosecuted diligently and in a manner unprejudicial to the County or the rights of the County hereunder.

Section 6.4 Remedies Cumulative.

No right, power, or remedy given to the County by the terms of this Agreement or the other Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy is cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies will operate as a waiver thereof, nor does any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 6.5 Notice and Cure Rights of Limited Partner.

The County shall provide the Investor Limited Partner and any limited partner of Borrower who has requested written notice from the County ("Permitted Limited Partner") a duplicate copy of all notices of default that the County may give to or serve in writing upon Borrower pursuant to the terms of the Loan Documents, at the address set forth in Section 7.9, provided, the County shall have no liability to the Permitted Limited Partner for its failure to do so. The Permitted Limited Partner has the right, but not the obligation, to cure any default of Borrower set forth in such notice, during the applicable cure period described in the Loan Documents, and the County will accept tender of such cure as if delivered by Borrower. If the Permitted Limited Partner is unable to cure a default because Borrower's general partner is in bankruptcy and/or because the cure requires removal of the general partner of Borrower and the Permitted Limited Partner is proceeding diligently to remove the general partner of Borrower in order to effect a cure of the Default, the cure period will be extended for such reasonable time as is necessary for the Permitted Limited Partner to effect a cure of the Default, but in no event longer than sixty (60) days after the date of receipt by the Permitted Limited Partner of written notice of the default.

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement is to be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and Borrower or its agents, employees or contractors, and Borrower will at all times be deemed an independent contractor and to be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the construction and operation of the Development, Borrower is solely responsible for all matters relating to payment

of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and must include requirements in each contract that contractors are solely responsible for similar matters relating to their employees. Borrower is solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement creates or justifies any claim against the County by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the Property, the construction or operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the construction or operation of the Development.

Section 7.3 Amendments.

No alteration or variation of the terms of this Agreement is valid unless made in writing by the Parties. The County Deputy Director, Department of Conservation and Development is authorized to execute on behalf of the County amendments to the Loan Documents or amended and restated Loan Documents as long as any discretionary change in the amount or terms of this Agreement is approved by the County's Board of Supervisors.

Section 7.4 Indemnification.

Borrower shall indemnify, defend and hold the County and its board members, supervisors, directors, officers, employees, agents, successors and assigns harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with this Agreement, including but not limited to the purchase of the Property and the development, construction, marketing and operation of the Development, except to the extent such claim arises from the gross negligence or willful misconduct of the County, its agents, and its employees. The provisions of this Section will survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 7.5 Non-Liability of County Officials, Employees and Agents.

No member, official, employee or agent of the County is personally liable to Borrower in the event of any default or breach of this Agreement by the County or for any amount that may become due from the County pursuant to this Agreement.

Section 7.6 No Third Party Beneficiaries.

There are no third party beneficiaries to this Agreement.

Section 7.7 Discretion Retained By County.

The County's execution of this Agreement in no way limits any discretion the County may have in the permit and approval process related to the construction of the Development.

Section 7.8 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.8(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have a financial interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have immediate family or business ties, during, or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this Section 7.8(a) is followed.

(b) The conflict of interest provisions of Section 7.8(a) above apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the County.

(c) In accordance with California Government Code Section 1090 and the Political Reform Act, California Government Code section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of Borrower, or immediate family member of any of the preceding, may make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or Borrower. Interpretation of this section is governed by the definitions and provisions used in the Political Reform Act, California Government Code Section 87100 et seq., its implementing regulations manual and codes, and California Government Code Section 1090.

Section 7.9 Notices, Demands and Communications.

All notices required or permitted by any provision of this Agreement must be in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

County: County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attention: Affordable Housing Program Manager

Borrower: Tabora Gardens, L.P.
c/o Tabora Gardens LLC
1835 Alcatraz Avenue
Berkeley, CA 94703
Attention: Executive Director

Investor Limited
Partner:

Raymond James California Housing Opportunities Fund VI LLC
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455
Attention: Steven J. Kropf, President

with a copy to:

Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section. Receipt will be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 7.10 Applicable Law.

This Agreement is governed by the laws of the State of California.

Section 7.11 Parties Bound.

Except as otherwise limited herein, this Agreement binds and inures to the benefit of the parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and to bind Borrower and its successors and assigns in the Property and the Development for the entire Term, and the benefit hereof is to inure to the benefit of the County and its successors and assigns.

Section 7.12 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit from the other party.

Section 7.13 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.14 Force Majeure.

In addition to specific provisions of this Agreement, performance by either party will not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, or court order. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other party within ten (10) days after receipt of the notice. In no event will the County be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 7.15 County Approval.

The County has authorized the County Deputy Director- Department of Conservation and Development to execute the Loan Documents and deliver such approvals or consents as are required by this Agreement, and to execute estoppel certificates concerning the status of the Loan and the existence of Borrower defaults under the Loan Documents.

Section 7.16 Waivers.

Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement does not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Borrower may not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 7.17 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and are to be disregarded in interpreting any part of the Agreement's provisions.

Section 7.18 Entire Understanding of the Parties.

The Loan Documents constitute the entire agreement of the parties with respect to the Loan.

Section 7.19 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Remainder of Page Left Intentionally Blank

The parties are entering into this Agreement as of the last date set forth below.

COUNTY:

COUNTY OF CONTRA COSTA, a political
subdivision of the State of California

By: _____
John Kopchik
Director, Department of Conservation and
Development

Date: August_____, 2016

APPROVED AS TO FORM:

SHARON L. ANDERSON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

Tabora Gardens, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit
corporation, its manager

By: _____
Susan Friedland
Executive Director

Date: August_____, 2016

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land is situated in the State of California, County of Contra Costa, and is described as follows:

EXHIBIT B

APPROVED DEVELOPMENT BUDGET

EXHIBIT C **NEPA MITIGATION REQUIREMENTS**

NEPA Mitigation and Monitoring Plan – Tabora Gardens

All mitigations / conditions of approval must be included in project agreement and/or legal documents.

Compliance with mitigations / conditions of approval must be documented prior to final payment of County funds

Mitigation Measure(s)	Source	Method and date County staff informed Project Sponsor	Included in County loan document and /or project agreement	Verification of Mitigation Measure(s)	Responsible for implementation	Mitigation Timing	Responsible for monitoring and reporting on implementation	Monitoring and reporting frequency	Verification of compliance
Phase 1 Environmental Site Assessment: Based on the findings of the Phase I Environmental Assessment (as may be amended) conducted by Furgo West Inc. dated September 9, 2010, the conclusions and recommendations listed on pages 17 and 18 shall be implemented.	Phase 1 Environmental Site Assessment September 2010		<input type="checkbox"/>	<input type="checkbox"/> City of Antioch Approved Construction Plans	Project sponsor, architect	Pre and post construction	Architect and contractor	ongoing	<input type="checkbox"/> Letter from architect <input type="checkbox"/> Copy of Final approved Building Permit
Phase 2 Environmental Assessment: Based on the findings of the Phase II Environmental Assessment (as may be amended) conducted by Furgo West Inc. dated November 23, 2010, the conclusions and recommendations listed on page 4 shall be implemented.	Phase 2 Environmental Site Assessment November 2010		<input type="checkbox"/>	<input type="checkbox"/> City of Antioch Approved Construction Plans	Project sponsor, architect	Pre and post construction	Architect and contractor	ongoing	<input type="checkbox"/> Letter from architect <input type="checkbox"/> Copy of Final approved Building Permit
Geotechnical Feasibility	Geotechnical		<input type="checkbox"/>	<input type="checkbox"/> City of	Project sponsor,	Pre and post	Architect and	ongoing	<input type="checkbox"/> Letter

Evaluation: Based on the finding of the Geotechnical Feasibility Evaluation (as may be amended) conducted by Furgo West Inc. dated November 8, 2010, the conclusions listed on page 3 and 4 including but not limited to highly expansive surficial soils, seismic design considerations and other design considerations shall be implemented.	Feasibility Evaluation November 2010			Antioch Approved Construction Plans	architect	construction	contractor		from architect <input type="checkbox"/> Copy of Final approved Building Permit
Contra Costa Water District: Based on the Contra Costa Water District's letter dated December 15, 2010 the following conditions shall be implemented: <ul style="list-style-type: none"> • CCWD property line needs to be indicated on Tentative Map as well as any project drainage coming towards the Contra Costa Canal. • No construction activities should occur on Reclamation property. • No East Bay Regional Park District trail access or landscaping to occur within Reclamation 	Contra Costa Water District letter December 15, 2010		<input type="checkbox"/>	<input type="checkbox"/> City of Antioch Approved Construction Plans	Project sponsor, architect	Pre and post construction	Architect and contractor	ongoing	<input type="checkbox"/> Letter from architect <input type="checkbox"/> Copy of Final approved Building Permit

<ul style="list-style-type: none"> property. • Project bio swales shall not impact Reclamation right-of-way. • There shall be no project drainage onto Reclamation property. • Reclamation fence to remain during grading and construction. • A six-foot chain link fence (or other appropriate fencing) should be installed. 									
Contra Costa County Fire Protection District: Based on the Contra Costa County Fire Protection District's letter dated November 16, 2010 the 11 requirements identified in the letter shall be implemented.	Contra Costa Fire Protection District letter November 16, 2010		<input type="checkbox"/>	<input type="checkbox"/> City of Antioch Approved Construction Plans	Project sponsor, architect	Pre and post construction	Architect and contractor	ongoing	<input type="checkbox"/> Letter from architect <input type="checkbox"/> Copy of Final approved Building Permit
Biological Assessment Report: Based on the findings of the Biological Assessment Report (as may be amended) conducted by Wood Biological Consulting dated August 25, 2010, the conclusions and recommendations listed on page 12 through 14 shall be implemented.	Biological Assessment Report August 2010		<input type="checkbox"/>	<input type="checkbox"/> City of Antioch Approved Construction Plans	Project sponsor, architect	Pre and post construction	Architect and contractor	ongoing	<input type="checkbox"/> Letter from architect <input type="checkbox"/> Copy of Final approved Building Permit

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DEVELOPMENT LOAN AGREEMENT

Between

COUNTY OF CONTRA COSTA

And

TABORA GARDENS, L.P.

Tabora Gardens Senior Housing

dated August ___, 2016

PROMISSORY NOTE
Tabora Gardens Senior Housing
(HOME, HOPWA, NSP, and Summer Lake Affordable Housing Trust Funds)

\$3,000,000

Martinez, California
August __, 2016

FOR VALUE RECEIVED, the undersigned Tabora Gardens, L.P., a California limited partnership ("Borrower") hereby promises to pay to the order of the County of Contra Costa, a political subdivision of the State of California ("Holder"), the principal amount of Three Million Dollars (\$3,000,000) plus interest thereon pursuant to Section 2 below.

This Promissory Note (the "Note") replaces in its entirety that promissory note dated April 1, 2016, executed by Borrower for the benefit of Holder, regarding the HOPWA Loan (the "Original HOPWA Note"). All disbursements under the Original HOPWA Note will be deemed to be disbursed under this Note. Upon execution of this Note by Borrower, the Original HOPWA Note will automatically terminate and be returned to Borrower by the Holder.

All capitalized terms used but not defined in this Note have the meanings set forth in the Loan Agreement.

1. Borrower's Obligation. This Note evidences Borrower's obligation to repay Holder the principal amount of Three Million Dollars (\$3,000,000) with interest for the funds loaned to Borrower by Holder to finance the construction of the Development pursuant to the Development Loan Agreement between Borrower and Holder of even date herewith (the "Loan Agreement").

2. Interest.

(a) HOME Loan. Subject to the provisions of Subsection (e) below, the HOME Loan bears simple interest at a rate of three percent (3%) per annum from the date of disbursement until full repayment of the principal balance of the HOME Loan.

(b) NSP1 Loan. Subject to the provisions of Subsection (e) below, the NSP1 Loan bears simple interest at a rate of three percent (3%) per annum from the date of disbursement until full repayment of the principal balance of the NSP1 Loan.

(c) Housing Trust Loan. Subject to the provisions of Subsection (e) below, the Housing Trust Loan bears simple interest at a rate of three percent (3%) per annum from the date of disbursement until full repayment of the principal balance of the Housing Trust Loan.

(d) HOPWA Loan. Subject to the provisions of Subsection (e) below, no interest will accrue on the outstanding principal balance of the HOPWA Loan.

(e) Default Interest. If an Event of Default occurs, interest will accrue on all amounts due under this Note at the Default Rate until such Event of Default is cured by Borrower or waived by Holder.

3. Term and Repayment Requirements. Principal and interest under this Note is due and payable as set forth in Section 2.8 of the Loan Agreement. The unpaid principal balance hereunder, together with accrued interest thereon, is due and payable no later than the date that is the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Loan is due and payable on the fifty-seventh (57th) anniversary of the date of this Note.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in the Loan Agreement.

5. Security. This Note, with interest, is secured by the Deed of Trust. Upon execution, the Deed of Trust will be recorded in the official records of Contra Costa County, California. Upon recordation of the Deed of Trust, this Note will become nonrecourse to Borrower, pursuant to and except as provided in Section 2.10 of the Loan Agreement which Section 2.10 is hereby incorporated into this Note. The terms of the Deed of Trust are hereby incorporated into this Note and made a part hereof.

6. Terms of Payment.

(a) Borrower shall make all payments due under this Note in currency of the United States of America to Holder at Department of Conservation and Development, 30 Muir Road, Martinez, CA 94553, Attention: Affordable Housing Program Manager, or to such other place as Holder may from time to time designate.

(b) All payments on this Note are without expense to Holder. Borrower shall pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of Holder, incurred in connection with the enforcement of this Note and the release of any security hereof.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of Borrower under this Note, if, for any reason whatsoever, the payment of any sums by Borrower pursuant to the terms of this Note would result in the payment of interest that exceeds the amount that Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate will automatically be deducted from the principal balance owing on this Note, so that in no event is Borrower obligated under the terms of this Note to pay any interest that would exceed the lawful rate.

(d) The obligations of Borrower under this Note are absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

7. Event of Default; Acceleration.

(a) Upon the occurrence of an Event of Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under

this Note and the Deed of Trust will, at the option of Holder, become immediately due and payable without further demand.

(b) Holder's failure to exercise the remedy set forth in Subsection 7(a) above or any other remedy provided by law upon the occurrence of an Event of Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Event of Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Borrower.

(b) Any extension of time for payment of this Note or any installment hereof made by agreement of Holder with any person now or hereafter liable for payment of this Note must not operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

9. Miscellaneous Provisions.

(a) All notices to Holder or Borrower are to be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as Holder and Borrower may therein designate.

(b) Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note is governed by the laws of the State of California.

(d) The times for the performance of any obligations hereunder are to be strictly construed, time being of the essence.

(e) The Loan Documents, of which this Note is a part, contain the entire agreement between the parties as to the Loan. This Note may not be modified except upon the written consent of the parties.

[signature on following page]

IN WITNESS WHEREOF, Borrower is executing this Promissory Note as of the day and year first above written.

Tabora Gardens, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit
corporation, its manager

By: _____
Susan Friedland
Executive Director

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

No fee for recording pursuant to
Government Code Section 27383

HOME/HOPWA REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
Tabora Gardens Senior Housing
(HOME, HOPWA, NSP, and Summer Lake Affordable Housing Trust Funds)

This HOME/HOPWA Regulatory Agreement and Declaration of Restrictive Covenants (the "HOME/HOPWA Regulatory Agreement") is dated August ____, 2016 and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and Tabora Gardens, L.P., a California limited partnership ("Borrower").

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this HOME/HOPWA Regulatory Agreement.

B. The County has received Home Investment Partnerships Act funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Housing Act of 1990 ("HOME Funds"). The HOME Funds must be used by the County in accordance with 24 C.F.R. Part 92 (the "HOME Regulations").

C. The County has received Housing Opportunities for Persons with AIDS Program funds from HUD pursuant to the HOPWA program ("HOPWA Funds"). The HOPWA Funds are available to and administered by the County, as the subrecipient of the City of Oakland, which is the representative for the Alameda-Contra Costa County Eligible Metropolitan Area. The HOPWA Funds must be used by the County in accordance with 24 C.F.R. Part 574.

D. The County has received Neighborhood Stabilization Program 1 funds ("NSP1 Funds") from HUD under Title III of Division B of the Housing and Economic Recovery Act of 2008 (the "NSP Act"). The NSP1 Funds must be used by the County in accordance with 75 F.R. 64322 (Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants) (the "NSP Regulations"). Together, the NSP Act and the NSP Regulations are the "NSP Requirements." Except as otherwise prescribed by the NSP

Requirements, the statutory and regulatory provisions that govern the Community Development Block Grant program under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), as amended (including those at 24 CFR part 570 subparts A, C, D, J, K, and O, as appropriate), apply with equal force to the NSP1 Funds. The County has adopted the HOME Regulations to define the affordable rents, continued affordability standards, and enforceability mechanisms governing the use of the NSP1 Funds.

E. The County has received "Summer Lake" affordable housing trust funds (the "Housing Trust Funds") from the City of Oakley pursuant to an agreement between the County and the City of Oakley which was signed by the County on May 23, 2006 (the "Housing Trust Fund Agreement"). Pursuant to the Housing Trust Fund Agreement the County must use the Housing Trust Funds for affordable housing within East Contra Costa County.

F. Borrower is the owner of that certain real property located at 3701 Tabora Drive, in the City of Antioch, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct eighty-five (85) senior housing units on the Property for rental to extremely low, very low and low income households, including one (1) manager's unit (the "Development"). The Development, as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

G. Pursuant to a Development Loan Agreement by and between the County and Borrower of even date herewith (the "Loan Agreement"), the County is lending Borrower Seven Hundred Thousand Dollars (\$700,000) of HOME Funds, Six Hundred Fifty Thousand Dollars (\$650,000) of HOPWA Funds, Five Hundred Fifty Thousand Dollars (\$550,000) of NPS1 Funds, and One Million One Hundred Thousand Dollars (\$1,100,000) of Housing Trust Funds for a total loan amount of Three Million Dollars (\$3,000,000) (the "Loan").

H. The County has the authority to lend the Loan to Borrower pursuant to Government Code Section 26227, which authorizes counties to spend county funds for programs that will further a county's public purposes. In addition, the County has the authority to loan (i) the HOME Funds pursuant to 24 C.F.R. 92.205, (ii) the HOPWA Funds pursuant to 24 C.F.R. 574.300, (iii) the NSP1 Funds pursuant to Section 2301(c)(3)(E) of the NSP Act, and (iv) the Housing Trust Funds pursuant to Section 8(B)(1)(a) of the Housing Trust Fund Agreement.

I. The County has agreed to make the Loan on the condition that Borrower maintain and operate the Development in accordance with restrictions set forth in this HOME/HOPWA Regulatory Agreement and the County Regulatory Agreement, and in the related documents evidencing the Loan. Twenty-Two (22) of the Units are restricted by the County pursuant to this HOME/HOPWA Regulatory Agreement and the County Regulatory Agreement.

J. As it applies to the County Assisted Units this HOME/HOPWA Regulatory Agreement will be in effect for the HOME Term. The County Regulatory Agreement as it applies to the County Assisted Units will be in effect for fifty-five (55) years from the Completion Date which term overlaps with but is longer than the HOME Term. Pursuant to

Section 6.15 below, compliance with the terms of this HOME/HOPWA Regulatory Agreement will be deemed compliance with the County Regulatory Agreement during the HOME Term.

K. In consideration of receipt of the Loan at an interest rate substantially below the market rate, Borrower agrees to observe all the terms and conditions set forth below.

The parties therefore agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

1.1 Definitions.

The following terms have the following meanings:

- (a) "Actual Household Size" means the actual number of persons in the applicable household.
- (b) "Adjusted Income" means, (i) with respect to the Tenant of each HOPWA-Assisted Unit, the Tenant's total anticipated annual income as defined in 24 CFR 5.609 and calculated pursuant to 24 CFR 5.611, and as further referenced in 24 CFR 574.310(d)(1), and (ii) with respect to the Tenant of each HOME-Assisted Unit and NSP-Assisted Unit the Tenant's total anticipated annual income as defined in 24 CFR 5.609 and calculated pursuant to 24 CFR 5.611, and as further referenced in 24 CFR 92.203(b)(1).
- (c) "Assumed Household Size" means the household size "adjusted for family size appropriate to the unit" as such term is defined in Health & Safety Code Section 50052.5(h).
- (d) "City" means the City of Antioch, California, a municipal corporation.
- (e) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.
- (f) "County Assisted Units" means the HOME-Assisted Units, HOPWA-Assisted Units, NSP-Assisted Units, and Housing Trust-Assisted Units.
- (g) "County Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower evidencing County requirements applicable to the Loan, to be recorded against the Property concurrently herewith.
- (h) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Borrower, as trustor,

North American Title Company, as trustee, and the County, as beneficiary, that encumbers the Property to secure repayment of the Loan and Borrower's performance of the Loan Documents.

(i) "Development" has the meaning set forth in Paragraph F of the Recitals.

(j) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed thirty percent (30%) of Median Income, adjusted for Actual Household Size.

(k) "Extremely Low Income Rent" means the maximum allowable rent for an Extremely Low Income Unit pursuant to Section 2.2(b) below.

(l) "Extremely Low Income Units" means the Units which, pursuant to Section 2.1(a) and 2.1(b) below, are required to be occupied by Extremely Low Income Households.

(m) "HOME" means the Home Investment Partnerships Act Program funded pursuant to the Cranston-Gonzales National Housing Act of 1990.

(n) "HOME-Assisted Units" means the five (5) Units to be constructed on the Property that are (i) restricted to occupancy by Extremely Low Income Households in compliance with Section 2.1(b) below, and (ii) are "floating" Units as defined in 24 C.F.R. 92.252(j).

(o) "HOME Funds" has the meaning set forth in Paragraph B of the Recitals.

(p) "HOME Regulations" has the meaning set forth in Paragraph B of the Recitals.

(q) "HOME Term" means the term of this HOME/HOPWA Regulatory Agreement which commences as of the date of this HOME/HOPWA Regulatory Agreement, and unless sooner terminated pursuant to the terms of this HOME/HOPWA Regulatory Agreement, expires on the twenty-first (21st) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the HOME Term will expire on the twenty-third (23rd) anniversary of this HOME/HOPWA Regulatory Agreement.

(r) "HOME/HOPWA Regulatory Agreement" has the meaning set forth in the first paragraph of this HOME/HOPWA Regulatory Agreement.

(s) "HOPWA" means the Housing Opportunities for Persons with AIDS Program pursuant to the AIDS Housing Opportunity Act (42 USC 12901 et. seq.), as amended by the Housing and Community Development Act of 1992 (42 USC 5301 et. seq.).

(t) "HOPWA-Assisted Units" means the five (5) Units to be constructed on Parcel 2 that are (i) restricted to occupancy by Extremely Low Income Households in compliance with Section 2.1(a) below and (ii) restricted to occupancy by HOPWA-Eligible Households during the HOPWA Term.

(u) "HOPWA-Eligible Household" means a household that (i) includes at least one Person with HIV/AIDS, and (ii) satisfies the definition of an Extremely Low Income Household in compliance with Section 2.1(a) below.

(v) "HOPWA Funds" has the meaning set forth in Paragraph C of the Recitals.

(w) "HOPWA Regulations" means the regulations set forth in 24 C.F.R. Part 574.

(x) "HOPWA Term" means the period of time that commences on the date of this HOME/HOPWA Regulatory Agreement and expires on the tenth (10th) anniversary of the Completion Date, unless earlier terminated pursuant to Section 2.5; provided, however, if a record of the Completion Date cannot be located or established, the HOPWA Term will expire on the twelfth (12th) anniversary of this HOME/HOPWA Regulatory Agreement.

(y) "Housing Trust-Assisted Units" means the eight (8) Units to be constructed on the Property that are restricted to occupancy by Very Low Income Households in compliance with Section 2.1(d) below.

(z) "Housing Trust Funds" has the meaning set forth in Paragraph E of the Recitals.

(aa) "Housing Trust Fund Agreement" has the meaning set forth in Paragraph E of the Recitals.

(bb) "HUD" has the meaning set forth in Paragraph B of the Recitals.

(cc) "Improvements" has the meaning set forth in Paragraph F of the Recitals.

(dd) "Intercreditor Agreement" means that certain intercreditor agreement of even date herewith among the City, the County, and Borrower.

(ee) "Loan" has the meaning set forth in Paragraph G of the Recitals.

(ff) "Loan Agreement" has the meaning set forth in Paragraph G of the Recitals.

(gg) "Loan Documents" means the documents evidencing the Loan including this HOME/HOPWA Regulatory Agreement, the Note, the Loan Agreement, the Intercreditor Agreement, the County Regulatory Agreement, and the Deed of Trust.

(hh) "Low HOME Rent" means a monthly Rent that does not exceed the maximum rent published by HUD for a Very Low Income Household for the applicable bedroom size as set forth in 24 C.F.R. 92.252(b).

(ii) "Low Income Household" means a Tenant with an Adjusted Income that does not exceed eighty percent (80%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than eighty percent (80%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, as such definition may be amended pursuant to 24 C.F.R. Section 92.2.

(jj) "Marketing Plan" has the meaning set forth in Section 4.3(a).

(kk) "Median Income" means the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of Contra Costa, California, as published from time to time by HUD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County shall provide Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

(ll) "Note" means the promissory note that evidences Borrower's obligation to repay the Loan, as such may be amended from time to time.

(mm) "NSP1 Funds" has the meaning set forth in Paragraph D of the Recitals.

(nn) "NSP Act" has the meaning set forth in Paragraph D of the Recitals.

(oo) "NSP-Assisted Units" means the four (4) Units to be constructed on the Property that are (i) restricted to occupancy by Very Low Income Households in compliance with Section 2.1(c) below, and (ii) are "floating" Units as defined in 24 C.F.R. 92.252(j).

(pp) "NSP Regulations" has the meaning set forth in Paragraph D of the Recitals.

(qq) "NSP Requirements" has the meaning set forth in Paragraph D of the Recitals.

(rr) "Person with HIV/AIDS" means a person with the disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agent for acquired immunodeficiency syndrome, including infection with the human immunodeficiency virus (HIV), as confirmed by a certification of HIV-positive test status to be delivered to and maintained on file by Borrower as such definition may be amended as set forth in 24 C.F.R. 574.3.

(ss) "Property" has the meaning set forth in Paragraph F of the Recitals.

(tt) "Remainder Term" means the period that begins on the date the HOPWA Term expires or is terminated by the County pursuant to Section 2.5, and ends on the last day of the HOME Term.

(uu) "Rent" means the total monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities; any separately charged fees or service charges assessed by Borrower which are customarily charged in rental housing and required of all Tenants (subject to the limitations set forth in 24 C.F.R. 92.214(b)(3)), other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Borrower, and paid by the Tenant.

(vv) "Social Services Plan" has the meaning set forth in Section 4.3(c).

(ww) "Tenant" means the tenant household that occupies a Unit in the Development.

(xx) "Tenant Selection Plan" has the meaning set forth in Section 4.3(b).

(yy) "Unit(s)" means one (1) or more of the units in the Development.

(zz) "Very Low Income Household" means a household (i) with an Adjusted Income that does not exceed fifty percent (50%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than fifty percent (50%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, as set forth in 24 C.F.R. Section 92.2, and (ii) that is not an individual student not eligible to receive Section 8 assistance under 24 C.F.R. 5.612.

(aaa) "Very Low Income Rent" means the maximum allowable rent for a Very Low Income Unit pursuant to Section 2.2(c) below.

(bbb) "Very Low Income Units" means the Units which, pursuant to Sections 2.1(c) and 2.1(d) below, are required to be occupied by Very Low Income Households.

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) HOPWA-Assisted Units.

(1) During the HOPWA Term, Borrower shall cause five (5) Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households which households are HOPWA-Eligible Households. Such Units are "Extremely Low Income Units".

(2) During the Remainder Term Borrower shall cause five (5) Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households, which households are not required to be HOPWA-Eligible Households. Such Units are "Extremely Low Income Units".

(b) HOME-Assisted Units. During the HOME Term, Borrower shall cause five (5) Units to be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households. Such Units are "Extremely Low Income Units".

(c) NSP-Assisted Units. During the HOME Term, Borrower shall cause four (4) Units to be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households. Such Units are "Very Low Income Units".

(d) Housing Trust-Assisted Units. During the HOME Term, Borrower shall cause eight (8) Units to be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households. Such Units are "Very Low Income Units".

(e) Intermingling of Units. Borrower shall cause the County Assisted Units to be intermingled throughout the Development and of comparable quality to all other Units. The County-Assisted Units may overlap with Units restricted by other public entities providing funding for the Development, to the extent consistent with the regulations applicable to the Loan. All Tenants must have equal access to and enjoyment of all common facilities in the Development. The County Assisted Units are set forth in the following chart:

	HOME-Assisted	HOPWA-Assisted	NSP-Assisted	Housing Trust-Assisted	TOTAL
30% AMI (Extremely Low Income)	5 One BR	5 One BR			10
50% AMI (Very Low Income)			4 One BR	8 One BR	12
TOTAL	5	5	4	8	22

(f) Disabled Persons Occupancy. Borrower shall cause the Development to be constructed and operated at all times in compliance with the provisions of: (i) the Unruh Act, (ii) the California Fair Employment and Housing Act, (iii) Section 504 of the Rehabilitation Act of 1973 ("Section 504"), (iv) the United States Fair Housing Act, as amended, and (v) the Americans With Disabilities Act of 1990, which relate to disabled persons access. In compliance with Section 504, a minimum of five (5) County Assisted Units must be constructed to be fully accessible to households with a mobility impaired member and an additional two (2) County Assisted Units must be constructed to be fully accessible to hearing and/or visually impaired

persons. Borrower shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its board members, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for persons with disabilities. The provisions of this subsection will survive expiration of the HOME Term or other termination of this HOME/HOPWA Regulatory Agreement, and remain in full force and effect.

(g) Senior Occupancy. Borrower has elected to operate the Development as a senior housing development and as such to require all Units in the Development, except for the resident manager's unit, to be occupied or held available for occupancy by households containing "elderly" or "senior citizen" residents. Borrower shall operate the Development at all times in compliance with the provisions of: (i) the Unruh Act, (ii) the United States Fair Housing Act, as amended, and (iii) the California Fair Employment and Housing Act, which relate to lawful senior housing. Borrower shall develop and implement appropriate age verification procedures to ensure compliance with the requirements of this Section. Borrower shall provide the County with a copy of its written verification procedures. Borrower shall indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, and its boardmembers, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for seniors. The provisions of this subsection will survive expiration of the HOME Term or other termination of this HOME/HOPWA Regulatory Agreement, and remain in full force and effect.

(h) HOME-Assisted Unit Compliance Deadline. Each HOME-Assisted Unit must be rented to and occupied by an Extremely Low Income Household pursuant to Section 2.1(b) on or before the date that occurs eighteen (18) months after the Completion Date. If Borrower fails to comply with this requirement, Borrower shall repay a portion of the HOME Loan, with interest, in accordance with Section 2.8(c) of the Loan Agreement.

2.2 Allowable Rent.

(a) HOPWA Rent.

(1) During HOPWA Term. Subject to the provisions of Section 2.4(a) below, the total monthly Rent paid by a Tenant of a HOPWA-Assisted Unit during the HOPWA Term may not exceed the amount that is equal to the greater of:

(A) thirty percent (30%) of the household's monthly Adjusted Income, as adjusted pursuant to 24 C.F.R. 574.310(d)(1);

(B) ten percent (10%) of the household's monthly gross income; and

(C) if the household is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the

household's actual housing costs, is specifically designated by the agency to meet the household's housing costs, the portion of the payments that is so designated.

(2) During Remainder Term.

(A) HOPWA-Eligible Household. Subject to the provisions of Section 2.4(a) below the Rent paid by a HOPWA-Eligible Household that occupies a HOPWA-Assisted Unit during the HOPWA Term and that continues to reside in the Unit following the expiration of the HOPWA Term, must be equal to the amount specified in Section 2.2(a)(1).

(B) Extremely Low Income Household. After the expiration or termination of the HOPWA Term pursuant to Section 2.5 and subject to Section 2.4(a), the Rent paid by a new Tenant of a HOPWA-Assisted Unit that is an Extremely Low Income Household may not exceed the Extremely Low Income Rent.

(b) Extremely Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by Tenants of Extremely Low Income Units may not exceed one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

(c) Very Low Income Rent. Subject to Section 2.4 below, the Rent paid by a Tenant of a Very Low Income Unit, may not exceed the Low HOME Rent.

(d) No Additional Fees. Borrower may not charge any fee, other than Rent, to any Tenant of the County Assisted Units for any housing or other services provided by Borrower.

2.3 Rent Increases.

(a) Rent Amount. The initial Rent for all County Assisted Units must be approved by the County prior to occupancy. The County will provide Borrower with a schedule of maximum permissible Rents for the County Assisted Units and the maximum monthly allowances for utilities and services (excluding telephone) annually.

(b) Rent Increases. All Rent increases for all County Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a County Assisted Unit, Borrower shall submit to the County a schedule of any proposed increase in the Rent charged for County Assisted Units. The Rent for such Units may be increased no more than once annually based upon the annual income certification described in Article 3. The County will disapprove a Rent increase if it violates the schedule of maximum permissible Rents for the County Assisted Units provided to Borrower by the County, or is greater than a 5% increase over the previous year's Rent. Borrower shall give Tenants written notice at least thirty (30) days prior to any Rent increase, following completion of the County approval process set forth above.

2.4 Increased Income of Tenants.

(a) HOPWA-Assisted Units.

(1) Increased Income of HOPWA-Eligible Household During HOPWA Term. If upon the annual certification of the income of a HOPWA-Eligible Household during the HOPWA Term, Borrower determines that the Tenant has an Adjusted Income exceeding the maximum qualifying income of an Extremely Low Income Household the Tenant may continue to occupy the Unit and Borrower shall continue to charge such Tenant Rent consistent with Section 2.2(a)(1) above. Borrower shall then rent the next available HOPWA-Assisted Unit to an Extremely Low Income Household that is also a HOPWA-Eligible Household, to comply with the requirements of Section 2.1(a)(1) above. Any Rent increase is subject to Section 2.3 above.

(2) Increased Income of HOPWA-Eligible Household During Remainder Term. If upon the annual certification of the income of a HOPWA-Eligible Household during the Remainder Term, Borrower determines that the Tenant has an Adjusted Income exceeding the maximum qualifying income of an Extremely Low Income Household the Tenant may continue to occupy the Unit and Borrower shall continue to charge such Tenant Rent consistent with Section 2.2(a)(2)(A) above. Borrower shall then rent the next available HOPWA-Assisted Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(a)(1) and Section 2.1(a)(2) above. Any Rent increase is subject to Section 2.3 above.

(3) Increased Income above Extremely Low Income but below Low Income Limit During Remainder Term. If upon the annual certification of the income of a Tenant of a HOPWA-Assisted Unit, Borrower determines that the income of the Tenant has increased above the qualifying limit for an Extremely Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Extremely Low Income Rent. Borrower shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(a)(2) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(a)(2)(B), or re-designate another comparable Unit in the Development with an Extremely Low Income Household as an Extremely Low Income Unit to comply with the requirements of Section 2.1(a)(2) above. Upon renting the next available Unit in accordance with Section 2.1(a)(2) or re-designating another Unit in the Development as an Extremely Low Income Unit, the Unit with the over-income Tenant will no longer be considered a HOPWA-Assisted Unit.

(b) HOME-Assisted Units – Increased Income above Extremely Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit, Borrower determines that the income of the Tenant has increased above the qualifying limit for an Extremely Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Extremely Low Income Rent. Borrower shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(b) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(b), or re-designate another comparable Unit in the Development with an Extremely Low Income

Household an Extremely Low Income Unit, to comply with the requirements of Section 2.1(b) above. Upon renting the next available Unit in accordance with Section 2.1(b) or re-designating another Unit in the Development as an Extremely Low Income Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(c) NSP-Assisted Units; Housing Trust-Assisted Units – Increased Income above Very Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of a Very Low Income Unit, Borrower determines that the income of the Tenant has increased above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Very Low Income Rent. Borrower shall then rent the next available Unit to a Very Low Income Household to comply with the requirements of Sections 2.1(c) or 2.1(d) above as applicable, at a Rent not exceeding the maximum Rent specified in Section 2.2(c), or re-designate another comparable Unit in the Development with a Very Low Income Household a Very Low Income Unit, to comply with the requirements of Section Sections 2.1(c) or 2.1(d) above as applicable. Upon renting the next available Unit in accordance with Sections 2.1(c) or 2.1(d) as applicable, or re-designating another Unit in the Development as a Very Low Income Unit, the Unit with the over-income Tenant will no longer be considered an NSP-Assisted Unit or Housing Trust-Assisted Unit as applicable.

(d) Non-Qualifying Household. Subject to Section 2.4(a) above for HOPWA-Assisted Units, if, upon the annual certification of the income a Tenant of a County Assisted Unit, Borrower determines that the Tenant's income has increased above the qualifying limit for a Low Income Household, the Tenant may continue to occupy the Unit. Upon the expiration of such Tenant's lease, Borrower shall:

(1) With 60 days' advance written notice, increase such Tenant's Rent to the lesser of (i) one-twelfth (1/12) of thirty percent (30%) of the actual Adjusted Income of the Tenant, and (ii) the fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements), and

(2) Rent the next available Unit to an Extremely Low Income Household, or Very Low Income Household, as applicable, to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2(b)-(d), or designate another comparable Unit that is occupied by an Extremely Low Income Household, or Very Low Income Household, as applicable, as a County Assisted Unit, to meet the requirements of Section 2.1 above. On the day that Borrower complies with Section 2.1 in accordance with this Section 2.4(d), the Unit with the over-income Tenant will no longer be considered a County Assisted Unit.

(e) Termination of Occupancy. Upon termination of occupancy of a County Assisted Unit by a Tenant, such Unit will be deemed to be continuously occupied by a household of the same income level as the initial income level of the vacating Tenant, until such unit is reoccupied, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1.

2.5 Cure for AIDS. If, in the sole determination of the County, there is a cure for AIDS and therefore no need for the HOPWA-Assisted Units, the County shall provide to Borrower a written notice that sets forth the termination date of the HOPWA Term.

ARTICLE 3 INCOME CERTIFICATION; REPORTING; RECORDS

3.1 Income Certification.

(a) Borrower shall obtain, complete, and maintain on file, within sixty (60) days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the County Assisted Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by the applicant or occupying household, as the case may be, in an income certification. To verify the information, Borrower shall take two or more of the following steps: (i) obtain a pay stub for the most recent pay period; (ii) obtain an income tax return for the most recent tax year; (iii) conduct a credit agency or similar search; (iv) obtain an income verification form from the applicant's current employer; (v) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (vi) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Where applicable, Borrower shall examine at least two (2) months of relevant source documentation. Copies of Tenant income certifications are to be available to the County upon request.

(b) For each HOPWA-Assisted Unit during the HOPWA Term, Borrower shall obtain, complete, and maintain on file, immediately prior to initial occupancy and annually thereafter, a certification from the Tenant that the HOPWA-Assisted Unit is occupied by a HOPWA-Eligible Household.

3.2 Reporting Requirements.

(a) Borrower shall submit to the County within one hundred eighty (180) days after the Completion Date, and not later than forty-five (45) days after the close of each calendar year, or such other date as may be requested by the County, a report that includes the following data for each Unit and specifically identifies which Units are County Assisted Units: (i) Tenant income, (ii) the number of occupants, (iii) the Rent, (iv) the number of bedrooms, and (v) the initial address of each Tenant. To demonstrate continued compliance with Section 2.1 Borrower shall cause each annual report after the initial report to include a record of any subsequent Tenant substitutions and any vacancies in County Assisted Units that have been filled.

(b) Borrower shall submit to the County within forty-five (45) days after receipt of a written request, or such other time agreed to by the County, any other information or completed forms requested by the County in order to comply with reporting requirements of HUD, the State of California, and the County.

3.3 Tenant Records. Borrower shall maintain complete, accurate and current records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be at all times: (i) separate and identifiable from any other business of Borrower, (ii) maintained as required by the County, in a reasonable condition for proper audit, and (iii) subject to examination during business hours by representatives of the County. Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years. The County may examine and make copies of all books, records or other documents of Borrower that pertain to the Development.

3.4 Development Records.

(a) Borrower shall keep and maintain at the principal place of business of the Borrower set forth in Section 6.11 below, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts relating to the Development. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of the Loan Documents to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this HOME/HOPWA Regulatory Agreement. Borrower shall cause all books, records, and accounts to be open to and available for inspection and copying by HUD, the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the County at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve such records for a period of not less than five (5) years after their creation in compliance with all HUD records and accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Loan is pending at the end of the record retention period stated herein, then Borrower shall retain the records until such action and all related issues are resolved. Borrower shall cause the records to include all invoices, receipts, and other documents related to expenditures from the Loan funds. Borrower shall cause records to be accurate and current and in a form that allows the County to comply with the record keeping requirements contained in 24 C.F.R. 92.508, 24 C.F.R. 570.506, the NSP Regulations, 24 C.F.R. 574.450, and 24 C.F.R. 574.530. Such records are to include but are not limited to:

(i) Records providing a full description of the activities undertaken with the use of the Loan funds;

(ii) Records demonstrating that each activity undertaken with the HOPWA Funds meets one of the eligible activities of the HOPWA program set forth in 24 C.F.R. Section 574.300 and 24 C.F.R. Section 574.310;

(iii) Records demonstrating that each activity undertaken with the NSP1 Funds meets one of the eligible activities of the NSP Act as set forth in the NSP Regulations;

(iv) Records demonstrating compliance with the HUD property standards and lead-based paint requirements including the property standards of 24 C.F.R. Section 574.310(b) and the lead-based paint requirements of 24 C.F.R. Section 574.635, and the maintenance requirements set forth in Section 5.6 (which implements 24 C.F.R. 92.251);

(v) Records documenting compliance with the fair housing, equal opportunity, and affirmative fair marketing requirements;

(vi) Financial records as required by 24 C.F.R. 570.502, 24 C.F.R. 92.505, and 2 C.F.R. Part 200, and during the HOPWA Term, financial records and other documents necessary to document compliance with the requirements of 24 C.F.R. Part 574 et seq;

(vii) Records demonstrating compliance with the NSP1, HOPWA, and HOME marketing, tenant selection, affordability, and income requirements;

(viii) Records demonstrating compliance with MBE/WBE requirements;

(ix) Records demonstrating compliance with 24 C.F.R. Part 135 which implements Section 3 of the Housing Development Act of 1968;

(x) Records demonstrating compliance with applicable relocation requirements, which must be retained for at least five (5) years after the date by which persons displaced from the property have received final payments;

(xi) Records demonstrating compliance with labor requirements including certified payrolls from Borrower's general contractor evidencing that applicable prevailing wages have been paid; and

(xii) Records documenting compliance with the Social Services Plan approved by the County.

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

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development for residential use only. No part of the Development may be operated as transient housing.

4.2 Compliance with Loan Documents and Program Requirements. Borrower's actions with respect to the Property shall at all times be in full conformity with: (i) all requirements of the Loan Documents; (ii) all requirements imposed on projects assisted with HOME Funds as contained in 42 U.S.C. Section 12701, et seq., 24 C.F.R. Part 92, and other implementing rules and regulations; (iii) all requirements imposed on projects assisted under the HOPWA Program as contained in 42 U.S.C. Section 12901, et seq., 24 C.F.R. Part 574, and other implementing rules and regulations; (iv) the NSP Requirements; and (v) any other regulatory requirements imposed on the Development.

4.3 Marketing Plan; Tenant Selection Plan; and Social Services Plan.

(a) Marketing Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for marketing the Development to income-eligible households and HOPWA-Eligible Households as required by this HOME/HOPWA Regulatory Agreement (the "Marketing Plan"). The Marketing Plan must include information on affirmative marketing efforts and compliance with fair housing laws and 24 C.F.R. 92.351(a).

(2) Upon receipt of the Marketing Plan, the County will promptly review the Marketing Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Marketing Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Marketing Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County. If the Borrower does not submit a revised Marketing Plan that is approved by the County at least three (3) months prior to the date completion of the Development is projected to be complete, Borrower will be in default of this HOME/HOPWA Regulatory Agreement.

(3) If any HOME-Assisted Units have not been rented in accordance with Section 2.1(b) above on or before the date that is five (5) months after the Completion Date Borrower shall submit to the County a detailed report of ongoing marketing efforts, and if deemed appropriate by the County, any necessary amendments or updates to the Marketing Plan to cause the vacant HOME-Assisted Units to be rented in compliance with Section 2.1(b).

(4) If any HOME-Assisted Units have not been rented to in accordance with Section 2.1(b) above on or before the date that is twelve (12) months after the Completion Date Borrower shall submit to the County a detailed report of ongoing marketing efforts, and if deemed appropriate by the County, any necessary amendments or updates to the Marketing Plan to cause the vacant HOME-Assisted Units to be rented in compliance with Section 2.1(b).

(b) Tenant Selection Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County, for its review

and approval, Borrower's written tenant selection plan (the "Tenant Selection Plan"). Borrower's Tenant Selection Plan must, at a minimum, meet the requirements for tenant selection set out in 24 C.F.R. Part 574 and 24 C.F.R. 92.253(d), and any modifications thereto.

(2) Upon receipt of the Tenant Selection Plan, the County will promptly review the Tenant Selection Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Tenant Selection Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Tenant Selection Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Tenant Selection Plan until the Tenant Selection Plan is approved by the County. If the Borrower does not submit a revised Tenant Selection Plan that is approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this HOME/HOPWA Regulatory Agreement.

(c) Social Services Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for providing social services from qualified service providers to the HOPWA-Eligible Households of the Development as required by 24 C.F.R. Section 574.310(a)(1) and this HOME/HOPWA Regulatory Agreement (the "Social Services Plan").

(2) Upon receipt of the Social Services Plan, the County will promptly review the Social Services Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Social Services Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Social Services Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Social Services Plan until the Social Services Plan is approved by the County. If the Borrower does not submit a revised Social Services Plan that is approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this HOME/HOPWA Regulatory Agreement.

4.4 Lease Provisions.

(a) No later than four (4) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval Borrower's proposed form of lease agreement for the County's review and approval. When leasing Units within the Development, Borrower shall use the form of lease approved by the County. Borrower may not permit the lease to contain any provision that is prohibited by 24 C.F.R. Section 92.253(b) and any amendments thereto. Borrower's form of lease must include any provisions necessary to comply with the requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113-4, 127 Stat. 54) applicable to HUD-funded programs. The form of lease must comply with all requirements of this HOME/HOPWA Regulatory Agreement, the other Loan Documents and must, among other matters:

(1) provide for termination of the lease for failure to: (i) provide any information required under this HOME/HOPWA Regulatory Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this HOME/HOPWA Regulatory Agreement, (ii) qualify as an Extremely Low Income Household, or Very Low Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation, or (iii) qualify as a HOPWA-Eligible Household when and if applicable as a result of any material misrepresentation made by such Tenant with respect to HIV/AIDS status.

(2) be for an initial term of not less than one (1) year, unless by mutual agreement between the Tenant and Borrower, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month-to-month by mutual agreement of Borrower and the Tenant. Notwithstanding the above, any rent increases are subject to the requirements of Section 2.3 above.

(3) include a provision that requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.1(d) and who is not in need of an accessible Unit to move to a non-accessible Unit when a non-accessible Unit becomes available and another Tenant or prospective Tenant is in need of an accessible Unit.

(b) During the HOME Term, Borrower shall comply with the Marking Plan, Social Services Plan, and Tenant Selection Plan approved by the County.

4.5 HOPWA Tenant Requirements. During the HOPWA Term Borrower shall:

(a) ensure the confidentiality of the name of any individual requesting or receiving assistance through this project pursuant to 24 C.F.R. 574.440;

(b) ensure that qualified service providers in the area make available appropriate supportive services to HOPWA-Eligible Households pursuant to 24 C.F.R. 574.310(a)(1);

(c) conduct an ongoing assessment of the services required by HOPWA-Eligible Households pursuant to 24 C.F.R. 574.500(b)(2);

(d) comply with the Social Services Plan approved by the County detailing the services provided to HOPWA-Eligible Households; and

(e) ensure that the Development meets the Housing Quality Standards pursuant to 24 C.F.R. 574.310(b).

4.6 Lease Termination.

(a) HOME Lease Termination Requirements. Any termination of a lease or refusal to renew a lease for a HOME-Assisted Unit and NSP-Assisted Unit within the Development must be in conformance with 24 C.F.R. 92.253(c) and the requirements of the

Violence Against Women Reauthorization Act of 2013 ((Pub. L. 113–4, 127 Stat. 54) applicable to HUD-funded programs, and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(b) HOPWA Lease Termination Requirements.

(1) Any termination of a lease or refusal to renew a lease for a HOPWA-Assisted Unit within the Development must be in conformance with 24 C.F.R. 574.310(e) during the HOPWA Term, and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(2) During the HOPWA Term Borrower shall ensure that surviving members of a household that included a Person with HIV/AIDS at the time of his or her death is permitted to continue to occupy the unit and receive supportive services for a reasonable period of up to one (1) year from the time of the death, and is provided with notice of their grace period and with assistance to obtain information about other available housing assistance programs. In addition, in the event such surviving members of a household would be eligible for occupancy in one of the other units within the Development, upon approval from Borrower, such surviving members may remain in their current unit and the next available unit within the Development will become a HOPWA-Assisted Unit.

4.7 HOME, HOPWA, and NSP1 Requirements.

(a) Borrower shall comply with all applicable laws and regulations governing the use of the HOME Funds as set forth in 24 C.F.R. Part 92, use of the NSP1 Funds as set forth in the NSP Requirements, and use of the HOPWA Funds, as set forth in 24 C.F.R. Part 574 et seq. In the event of any conflict between this HOME/HOPWA Regulatory Agreement and applicable laws and regulations governing the use of the Loan funds, the applicable laws and regulations govern.

(b) The laws and regulations governing the use of the Loan funds include (but are not limited to) the following:

(i) Environmental and Historic Preservation. 24 C.F.R. Part 58, which prescribes procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5;

(ii) Applicability of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The applicable policies, guidelines, and requirements of 2 C.F.R. Part 200;

(iii) Debarred, Suspended or Ineligible Contractors. The prohibition on the use of debarred, suspended, or ineligible contractors set forth in 24 C.F.R. Part 24;

(iv) Civil Rights, Housing and Community Development, and Age Discrimination Acts. The Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964 as amended; Title

VIII of the Civil Rights Act of 1968 as amended; Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended; Section 504 of the Rehabilitation Act of 1973 (29 USC 794, et seq.); the Age Discrimination Act of 1975 (42 USC 6101, et seq.); Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107; Executive Order 11246 as amended by Executive Orders 11375, 12086, 11478, 12107; Executive Order 11625 as amended by Executive Order 12007; Executive Order 12432; Executive Order 12138 as amended by Executive Order 12608;

(v) Lead-Based Paint. The requirement of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.), the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. 4851 et seq.), and implementing regulations at 24 C.F.R. Part 35;

(vi) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), and implementing regulations at 49 C.F.R. Part 24 (as modified by the NSP Requirements); Section 104(d) of the Housing and Community Development Act of 1974 and implementing regulations at 24 C.F.R. 42 et seq.; 24 C.F.R. 92.353; 24 C.F.R. 574.630; and California Government Code Section 7260 et seq. and implementing regulations at 25 California Code of Regulations Sections 6000 et seq. If and to the extent that development of the Development results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then Borrower shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall prepare and submit a relocation plan to the County for approval. Borrower is solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. Borrower shall indemnify, defend (with counsel reasonably chosen by the County), and hold harmless the County against all claims that arise out of relocation obligations to residential tenants, homeowners, or businesses permanently or temporarily displaced by the Development;

(vii) Discrimination against the Disabled. The requirements of the Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. Part 100; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and federal regulations issued pursuant thereto, which prohibit discrimination against the disabled in any federally assisted program, the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), and federal regulations issued pursuant thereto;

(viii) Clean Air and Water Acts. The Clean Air Act, as amended, 42 U.S.C. 7401 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 1500, as amended from time to time;

(ix) Uniform Administrative Requirements. The provisions of 24 C.F.R. 92.505, 24 C.F.R. 570.502, and 24 C.F.R. 574.650 regarding cost and auditing requirements;

(x) Housing Quality Standards. The housing quality standards set forth in 24 C.F.R. Section 574.310(b);

(xi) Supportive Services. The supportive service requirements of 24 C.F.R. Section 574.310(a)(1). Borrower shall procure services to satisfy such service requirements;

(xii) Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"), requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project. Borrower agrees to include the following language in all subcontracts executed under this HOME/HOPWA Regulatory Agreement:

(1) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

(2) The parties to this contract agree to comply with HUD's regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

(3) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause; and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference; shall set forth minimum number and job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

(4) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.

(5) The contractor will certify that any vacant employment positions, including training positions, that are filled (A) after the contractor is selected but before the contract is executed, and (B) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. Part 135.

(6) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

(7) With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

(xiii) Labor Standards. The labor requirements set forth in 24 C.F.R. 92.354 and 24 C.F.R. Section 570.603; the prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended;

(xiv) Drug Free Workplace. The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690) and implementing regulations at 24 C.F.R. Part 24;

(xv) Anti-Lobbying; Disclosure Requirements. The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 C.F.R. Part 87;

(xvi) Historic Preservation. The historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. Section 470) and the procedures set forth in 36 C.F.R. Part 800. If archeological, cultural, or historic period resources are discovered during construction, all construction work must come to a halt and Borrower shall immediately notify the County. Borrower shall not shall alter or move the discovered material(s) until all appropriate procedures for "post-review discoveries" set forth in Section 106 of the National Historic Preservation Act have taken place, which include, but are

not limited to, consultation with the California State Historic Preservation Officer and evaluation of the discovered material(s) by a qualified professional archeologist;

(xvii) Flood Disaster Protection. The requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234) (the "Flood Act"). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under Section 3(a) of the Flood Act, for use in an area identified by HUD as having special flood hazards which is not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of the Flood Act. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program is subject to the mandatory purchase of flood insurance requirements of Section 102(a) of the Flood Act. If the Property is located in an area identified by HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq., the property owner and its successors or assigns must obtain and maintain, during the ownership of the Property, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(s) of the Flood Act. Such provisions are required notwithstanding the fact that the construction on the Property is not itself funded with assistance provided under this Agreement;

(xviii) Religious Organizations. If the Borrower is a religious organization, as defined by the HOPWA and/or HOME requirements, the Borrower shall comply with all conditions prescribed by HUD for the use of HOME Funds and HOPWA Funds by religious organizations, including the First Amendment of the United States Constitution regarding church/state principles and the applicable constitutional prohibitions set forth in 24 C.F.R. 92.257 and 24 C.F.R. 574.300(c);

(xix) Violence Against Women. The requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113-4, 127 Stat. 54) applicable to HUD-funded programs;

(xx) Conflict of Interest. The conflict of interest provisions set forth in 24 C.F.R. 92.356, 24 C.F.R. 570.611, and 24 C.F.R. Section 574.625; and

(xxi) HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the Loan funds.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the County in

its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). The County has approved Satellite Affordable Housing Associates Property Management, Inc. as the Management Agent. Borrower shall submit for the County's approval the identity of any proposed subsequent management agent. Borrower shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for the County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a qualified management agent set forth above, the County shall approve the proposed management agent by notifying Borrower in writing. Unless the proposed management agent is disapproved by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.3 Periodic Performance Review. The County reserves the right to conduct an annual (or more frequently, if deemed necessary by the County) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this HOME/HOPWA Regulatory Agreement. Borrower shall cooperate with the County in such reviews.

5.4 Replacement of Management Agent. If, as a result of a periodic review, the County determines in its reasonable judgment that the Development is not being operated and managed in accordance with any of the material requirements and standards of this HOME/HOPWA Regulatory Agreement, the County shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then-current Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above.

Any contract for the operation or management of the Development entered into by Borrower shall provide that the Management Agent may be dismissed and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this HOME/HOPWA Regulatory Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.4 below.

5.5 Approval of Management Policies. Borrower shall submit its written management policies with respect to the Development to the County for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this HOME/HOPWA Regulatory Agreement.

5.6 Property Maintenance.

(a) Borrower shall maintain, for the entire HOME Term of this HOME/HOPWA Regulatory Agreement, all interior and exterior Improvements, including landscaping in decent, safe and sanitary condition, and in good condition and repair, in accordance with (i) 24 C.F.R. Section 92.251, and (ii) the maintenance standards provided by the County (the "Maintenance Standards"). The Maintenance Standards, which set forth inspectable items and areas, and this HOME/HOPWA Regulatory Agreement, implement 24 C.F.R. Section 92.251. Borrower shall cause the Development to be: (i) maintained in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, including but not limited to the lead-based paint requirements in 24 C.F.R. part 35; and (ii) free of all health and safety defects. Borrower shall correct any life-threatening maintenance deficiencies, including those set forth in the Maintenance Standards immediately upon notification.

(b) At the beginning of each year of the HOME Term, Borrower shall certify to the County that the Development is in compliance with the Maintenance Standards.

5.7 Property Inspections.

(a) On-Site Physical Inspections. The County will perform on-site inspections of the Development during the HOME Term to ensure compliance with the Maintenance Standards. The County will perform an on-site inspection within twelve months after completion of construction of the Development and at least once every three (3) years during the HOME Term. If the Development is found to have health and safety violations, the County may perform more frequent inspections. Borrower shall cooperate in such inspections.

(b) Violation of Maintenance Standards. If after an inspection, the County determines that Borrower is in violation of the Maintenance Standards, the County will provide Borrower a written report of the violations. Borrower shall correct the violations set forth in the report provided to Borrower by County. The County will perform a follow-up inspection to verify that the violations have been corrected. If such violations continue for a period of ten (10) days after delivery of the report to Borrower by the County with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after delivery of the report to Borrower by the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the violation. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from

such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount Borrower shall promptly pay to the County upon demand.

ARTICLE 6 MISCELLANEOUS

6.1 Nondiscrimination.

(a) All of the Units must be available for occupancy on a continuous basis to members of the general public who are income eligible. Borrower may not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to income eligible households and to HOPWA-Eligible Households pursuant to this HOME/HOPWA Regulatory Agreement. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower, that there exist no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit nor will Borrower or any person claiming under or through Borrower, 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 of any unit or in connection with the employment of persons for the construction, operation and management of any unit.

(b) Borrower 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 housing program under Section 8 of the United States Housing Act, or its successor. Borrower may not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor will Borrower apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants.

6.2 Application of Provisions. The provisions of this HOME/HOPWA Regulatory Agreement apply to the Property for the entire HOME Term even if the Loan is paid in full prior to the end of the HOME Term. This HOME/HOPWA Regulatory Agreement binds any successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.3 Covenants to Run With the Land. The County and Borrower hereby declare their express intent that the covenants and restrictions set forth in this HOME/HOPWA Regulatory Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the HOME Term said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any

portion thereof, is to be held conclusively to have been executed, delivered and accepted subject to the covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this HOME/HOPWA Regulatory Agreement.

6.4 Enforcement by the County. If Borrower fails to perform any obligation under this HOME/HOPWA Regulatory Agreement, and fails to cure the default within thirty (30) days after the County has notified Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within sixty (60) days, the County may enforce this HOME/HOPWA Regulatory Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The County may declare a default under the Note, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the Deed of Trust.

(b) Action to Compel Performance or for Damages. The County may bring an action at law or in equity to compel Borrower's performance of its obligations under this HOME/HOPWA Regulatory Agreement, and may seek damages.

(c) Remedies Provided Under Loan Documents. The County may exercise any other remedy provided under the Loan Documents.

The County shall provide notice of a default to Borrower's limited partner in the manner set forth in Section 6.5 of the Loan Agreement.

6.5 Anti-Lobbying Certification.

(a) Borrower certifies, to the best of Borrower's knowledge or belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(b) This certification is a material representation of fact upon which reliance was placed when the Loan Documents were made or entered into. Submission of this certification is a prerequisite for making or entering into the Loan Documents imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000) and no more than One Hundred Thousand Dollars (\$100,000) for such failure.

6.6 Attorneys' Fees and Costs. In any action brought to enforce this HOME/HOPWA Regulatory Agreement, the prevailing party must be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section must be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.7 Recording and Filing. The County and Borrower shall cause this HOME/HOPWA Regulatory Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Contra Costa.

6.8 Governing Law. This HOME/HOPWA Regulatory Agreement is governed by the laws of the State of California.

6.9 Waiver of Requirements. Any of the requirements of this HOME/HOPWA Regulatory Agreement may be expressly waived by the County in writing, but no waiver by the County of any requirement of this HOME/HOPWA Regulatory Agreement extends to or affects any other provision of this HOME/HOPWA Regulatory Agreement, and may not be deemed to do so.

6.10 Amendments. This HOME/HOPWA Regulatory Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title that is duly recorded in the official records of the County of Contra Costa.

6.11 Notices. Any notice requirement set forth herein will be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

County: County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

Borrower: Tabora Gardens, L.P.
c/o Tabora Gardens LLC
1835 Alcatraz Avenue
Berkeley, CA 94703
Attention: Executive Director

Investor Limited
Partner: Raymond James California Housing Opportunities

Fund VI LLC
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455
Attention: Steven J. Kropf, President

with a copy to:

Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.12 Severability. If any provision of this HOME/HOPWA Regulatory Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this HOME/HOPWA Regulatory Agreement will not in any way be affected or impaired thereby.

6.13 Multiple Originals; Counterparts. This HOME/HOPWA Regulatory Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.14 Revival of Agreement after Foreclosure. In the event there is a foreclosure of the Property, this HOME/HOPWA Regulatory Agreement will revive according to its original terms if, during the HOME Term, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Development or Property.

6.15 County Regulatory Agreement. The County and Borrower are entering into this HOME/HOPWA Regulatory Agreement concurrently with the County Regulatory Agreement. The County Regulatory Agreement as it applies to the County Assisted Units will be in effect for fifty-five (55) years from the Completion Date which term overlaps with but is longer than the HOME Term. Compliance with the terms of this HOME/HOPWA Regulatory Agreement will be deemed compliance with the County Regulatory Agreement during the HOME Term. In the event of a conflict between this HOME/HOPWA Regulatory Agreement and the County Regulatory Agreement during the HOME Term, the terms of this HOME/HOPWA Regulatory Agreement will prevail.

[remainder of page intentionally left blank]

WHEREAS, this HOME/HOPWA Regulatory Agreement has been entered into by the undersigned as of the date first written above.

COUNTY:

COUNTY OF CONTRA COSTA, a political
subdivision of the State of California

By: _____
John Kopchik
Director, Department of Conservation and
Development

Approved as to form:

SHARON L. ANDERSON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

Tabora Gardens, L.P., a California limited
partnership

By: Tabora Gardens LLC, a California limited
liability company, its general partner

By: Satellite Affordable Housing
Associates, a California nonprofit
public benefit corporation, its
manager

By: _____
Susan Friedland
Executive Director

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

Legal Description

The land is situated in the State of California, County of Contra Costa, and is described as follows:

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

No fee for recording pursuant to
Government Code Section 27383

COUNTY REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

Tabora Gardens Senior Housing
(HOME, HOPWA, NSP, and Summer Lake Affordable Housing Trust Funds)

This County Regulatory Agreement and Declaration of Restrictive Covenants (the "County Regulatory Agreement") is dated August ____, 2016 and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and Tabora Gardens, L.P., a California limited partnership ("Borrower").

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this County Regulatory Agreement.

B. The County has received Home Investment Partnerships Act funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Housing Act of 1990 ("HOME Funds"). The HOME Funds must be used by the County in accordance with 24 C.F.R. Part 92 (the "HOME Regulations").

C. The County has received Housing Opportunities for Persons with AIDS Program funds from HUD pursuant to the HOPWA program ("HOPWA Funds"). The HOPWA Funds are available to and administered by the County, as the subrecipient of the City of Oakland, which is the representative for the Alameda-Contra Costa County Eligible Metropolitan Area. The HOPWA Funds must be used by the County in accordance with 24 C.F.R. Part 574.

D. The County has received Neighborhood Stabilization Program 1 funds ("NSP1 Funds") from HUD under Title III of Division B of the Housing and Economic Recovery Act of 2008 (the "NSP Act"). The NSP1 Funds must be used by the County in accordance with 75 F.R. 64322 (Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants) (the "NSP Regulations"). Together, the NSP Act and the NSP Regulations are the "NSP Requirements." Except as otherwise prescribed by the NSP

Requirements, the statutory and regulatory provisions that govern the Community Development Block Grant program under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), as amended (including those at 24 CFR part 570 subparts A, C, D, J, K, and O, as appropriate), apply with equal force to the NSP1 Funds. The County has adopted the HOME Regulations to define the affordable rents, continued affordability standards, and enforceability mechanisms governing the use of the NSP1 Funds.

E. The County has received "Summer Lake" affordable housing trust funds (the "Housing Trust Funds") from the City of Oakley pursuant to an agreement between the County and the City of Oakley which was signed by the County on May 23, 2006 (the "Housing Trust Fund Agreement"). Pursuant to the Housing Trust Fund Agreement the County must use the Housing Trust Funds for affordable housing within East Contra Costa County.

F. Borrower is the owner of that certain real property located at 3701 Tabora Drive, in the City of Antioch, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct eighty-five (85) senior housing units on the Property for rental to extremely low, very low and low income households, including one (1) manager's unit (the "Development"). The Development, as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

G. Pursuant to a Development Loan Agreement by and between the County and Borrower of even date herewith (the "Loan Agreement"), the County is lending Borrower Seven Hundred Thousand Dollars (\$700,000) of HOME Funds, Six Hundred Fifty Thousand Dollars (\$650,000) of HOPWA Funds, Five Hundred Fifty Thousand Dollars (\$550,000) of NPS1 Funds, and One Million One Hundred Thousand Dollars (\$1,100,000) of Housing Trust Funds for a total loan amount of Three Million Dollars (\$3,000,000) (the "Loan").

H. The County has the authority to lend the Loan to Borrower pursuant to Government Code Section 26227, which authorizes counties to spend county funds for programs that will further a county's public purposes. In addition, the County has the authority to loan (i) the HOME Funds pursuant to 24 C.F.R. 92.205, (ii) the HOPWA Funds pursuant to 24 C.F.R. 574.300, (iii) the NSP1 Funds pursuant to Section 2301(c)(3)(E) of the NSP Act, and (iv) the Housing Trust Funds pursuant to Section 8(B)(1)(a) of the Housing Trust Fund Agreement.

I. The County has agreed to make the Loan on the condition that Borrower maintain and operate the Development in accordance with restrictions set forth in this County Regulatory Agreement and the HOME/HOPWA Regulatory Agreement, and in the related documents evidencing the Loan. Twenty-two (22) of the Units are restricted by the County pursuant to the HOME/HOPWA Regulatory Agreement and this County Regulatory Agreement.

J. As it applies to the County-Assisted Units this County Regulatory Agreement will be in effect for the Term. The HOME/HOPWA Regulatory Agreement as it applies to the County-Assisted Units will be in effect for twenty-one (21) years from the Completion Date. Pursuant to Section 6.14 below, compliance with the terms of the HOME/HOPWA Regulatory

Agreement will be deemed compliance with this County Regulatory Agreement during the term of the HOME/HOPWA Regulatory Agreement.

K. In consideration of receipt of the Loan at an interest rate substantially below the market rate, Borrower agrees to observe all the terms and conditions set forth below.

The parties therefore agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

1.1 Definitions.

The following terms have the following meanings:

(a) "Actual Household Size" means the actual number of persons in the applicable household.

(b) "Adjusted Income" means the total anticipated annual income of all persons in the Tenant household as defined in 24 CFR 5.609 and as calculated pursuant to 24 C.F.R. 5.611.

(c) "Assumed Household Size" means the household size "adjusted for family size appropriate to the unit" as such term is defined in Health & Safety Code Section 50052.5(h).

(d) "City" means the City of Antioch, California, a municipal corporation.

(e) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.

(f) "County-Assisted Units" means the ten (10) Extremely Low Income Units and twelve (12) Very Low Income Units.

(g) "County Regulatory Agreement" has the meaning set forth in the first paragraph of this County Regulatory Agreement.

(h) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Borrower, as trustor, North American Title Company, as trustee, and the County, as beneficiary, that encumbers the Property to secure repayment of the Loan and Borrower's performance of the Loan Documents.

(i) "Development" has the meaning set forth in Paragraph F of the Recitals.

(j) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed thirty percent (30%) of Median Income, adjusted for Actual Household Size.

(k) "Extremely Low Income Rent" means the maximum allowable rent for an Extremely Low Income Unit pursuant to Section 2.2(a) below.

(l) "Extremely Low Income Units" means the Units which, pursuant to Section 2.1(a) below, are required to be occupied by Extremely Low Income Households.

(m) "HOME" means the Home Investment Partnerships Act Program funded pursuant to the Cranston-Gonzales National Housing Act of 1990.

(n) "HOME Funds" has the meaning set forth in Paragraph B of the Recitals.

(o) "HOME Regulations" has the meaning set forth in Paragraph B of the Recitals.

(p) "HOME/HOPWA Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower evidencing County requirements applicable to the Loan, to be recorded against the Property concurrently herewith.

(q) "HOPWA" means the Housing Opportunities for Persons with AIDS Program pursuant to the AIDS Housing Opportunity Act (42 USC 12901 et. seq.), as amended by the Housing and Community Development Act of 1992 (42 USC 5301 et. seq.).

(r) "HOPWA Funds" has the meaning set forth in Paragraph C of the Recitals.

(s) "Housing Trust Funds" has the meaning set forth in Paragraph E of the Recitals.

(t) "Housing Trust Fund Agreement" has the meaning set forth in Paragraph E of the Recitals.

(u) "HUD" has the meaning set forth in Paragraph B of the Recitals.

(v) "Improvements" has the meaning set forth in Paragraph F of the Recitals.

(w) "Intercreditor Agreement" means that certain intercreditor agreement of even date herewith among the City, the County, and Borrower.

(x) "Loan" has the meaning set forth in Paragraph G of the Recitals.

(y) "Loan Agreement" has the meaning set forth in Paragraph G of the Recitals.

(z) "Loan Documents" means the documents evidencing the Loan including this County Regulatory Agreement, the Note, the Loan Agreement, the Intercreditor Agreement, the HOME/HOPWA Regulatory Agreement, and the Deed of Trust.

(aa) "Low Income Household" means a Tenant with an Adjusted Income that does not exceed eighty percent (80%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than eighty percent (80%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

(bb) "Marketing Plan" has the meaning set forth in Section 4.3(a).

(cc) "Median Income" means the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of Contra Costa, California, as published from time to time by HUD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County shall provide Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

(dd) "Note" means the promissory note that evidences Borrower's obligation to repay the Loan, as such may be amended from time to time.

(ee) "NSP1 Funds" has the meaning set forth in Paragraph D of the Recitals.

(ff) "NSP Act" has the meaning set forth in Paragraph D of the Recitals.

(gg) "NSP Regulations" has the meaning set forth in Paragraph D of the Recitals.

(hh) "NSP Requirements" has the meaning set forth in Paragraph D of the Recitals.

(ii) "Property" has the meaning set forth in Paragraph F of the Recitals.

(jj) "Rent" means the total monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities; any separately charged fees or service charges assessed by Borrower which are customarily charged in rental housing and required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Borrower, and paid by the Tenant.

(kk) "Social Services Plan" has the meaning set forth in Section 4.3(c).

(ll) "Tenant" means the tenant household that occupies a Unit in the Development.

(mm) "Tenant Selection Plan" has the meaning set forth in Section 4.3(b).

(nn) "Term" means the period of time that commences on the date of this County Regulatory Agreement, and unless sooner terminated pursuant to the terms of this County Regulatory Agreement, expires on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of this County Regulatory Agreement.

(oo) "Unit(s)" means one (1) or more of the units in the Development.

(pp) "Very Low Income Household" means a household with an Adjusted Income that does not exceed fifty percent (50%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than fifty percent (50%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

(qq) "Very Low Income Rent" means the maximum allowable rent for a Very Low Income Unit pursuant to Section 2.2(b) below.

(rr) "Very Low Income Units" means the Units which, pursuant to Section 2.1(b) below, are required to be occupied by Very Low Income Households.

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Extremely Low Income Units. During the Term Borrower shall cause ten (10) Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households.

(b) Very Low Income Units. During the Term, Borrower shall cause twelve (12) Units to be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households.

(c) Intermingling of Units. Borrower shall cause the County-Assisted Units to be intermingled throughout the Development and of comparable quality to all other Units. The County-Assisted Units may overlap with Units restricted by other public entities providing funding for the Development, to the extent consistent with the regulations applicable to the Loan. All Tenants must have equal access to and enjoyment of all common facilities in the Development. The County-Assisted Units are all One Bedroom Units.

(d) Disabled Persons Occupancy. Borrower shall cause the Development to be constructed and operated at all times in compliance with the provisions of: (i) the Unruh Act, (ii) the California Fair Employment and Housing Act, (iii) Section 504 of the Rehabilitation Act of 1973 ("Section 504"), (iv) the United States Fair Housing Act, as amended, and (v) the Americans With Disabilities Act of 1990, which relate to disabled persons access. In compliance with Section 504, a minimum of five (5) County-Assisted Units must be constructed to be fully accessible to households with a mobility impaired member and an additional two (2) County-Assisted Units must be constructed to be fully accessible to hearing and/or visually impaired persons. Borrower shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its board members, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for persons with disabilities. The provisions of this subsection will survive expiration of the Term or other termination of this County Regulatory Agreement, and remain in full force and effect.

(e) Senior Occupancy. Borrower has elected to operate the Development as a senior housing development and as such to require all Units in the Development, except for the resident manager's unit, to be occupied or held available for occupancy by households containing "elderly" or "senior citizen" residents. Borrower shall operate the Development at all times in compliance with the provisions of: (i) the Unruh Act, (ii) the United States Fair Housing Act, as amended, and (iii) the California Fair Employment and Housing Act, which relate to lawful senior housing. Borrower shall develop and implement appropriate age verification procedures to ensure compliance with the requirements of this Section. Borrower shall provide the County with a copy of its written verification procedures. Borrower shall indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, and its boardmembers, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for seniors. The provisions of this subsection will survive expiration of the Term or other termination of this County Regulatory Agreement, and remain in full force and effect.

2.2 Allowable Rent.

(a) Extremely Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by a Tenant of an Extremely Low Income Unit may not exceed one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

(b) Very Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by a Tenant of a Very Low Income Unit may not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size.

(c) No Additional Fees. Borrower may not charge any fee, other than Rent, to any Tenant of the County-Assisted Units for any housing or other services provided by Borrower.

2.3 Rent Increases.

(a) Rent Amount. The initial Rent for all County-Assisted Units must be approved by the County prior to occupancy. The County will provide Borrower with a schedule of maximum permissible Rents for the County-Assisted Units and the maximum monthly allowances for utilities and services (excluding telephone) annually.

(b) Rent Increases. All Rent increases for all County-Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a County-Assisted Unit, Borrower shall submit to the County a schedule of any proposed increase in the Rent charged for County-Assisted Units. The Rent for such Units may be increased no more than once annually based upon the annual income certification described in Article 3. The County will disapprove a Rent increase if it violates the schedule of maximum permissible Rents for the County-Assisted Units provided to Borrower by the County, or is greater than a 5% increase over the previous year's Rent. Borrower shall give Tenants written notice at least thirty (30) days prior to any Rent increase, following completion of the County approval process set forth above.

2.4 Increased Income of Tenants.

(a) Increased Income above Extremely Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit, Borrower determines that the income of the Tenant has increased above the qualifying limit for an Extremely Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Extremely Low Income Rent. Borrower shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(a) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(a), or re-designate another comparable Unit in the Development with an Extremely Low Income Household an Extremely Low Percent Income Unit, to comply with the requirements of Section 2.1(a) above. Upon renting the next available Unit in accordance with Section 2.1(a) or re-designating another Unit in the Development as an Extremely Low Income Unit, the Unit with the over-income Tenant will no longer be considered a County-Assisted Unit.

(b) Increased Income above Very Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of a Very Low Income Unit, Borrower determines that the income of the Tenant has increased above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Very Low Income Rent. Borrower shall then rent the next available Unit to a Very Low Income Household to comply with the requirements of Section 2.1(b) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(b), or re-designate another comparable Unit in the Development with a Very Low Income Household a Very Low Income Unit, to comply with the requirements of Section 2.1(b) above. Upon renting the next available Unit in accordance with Section 2.1(b) or re-designating another Unit in the Development as a Very Low Income Unit, the Unit with the over-income Tenant will no longer be considered a County-Assisted Unit.

(c) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a County-Assisted Unit, Borrower determines that the Tenant's income has increased above the qualifying limit for a Low Income Household, the Tenant may continue to occupy the Unit. Upon the expiration of such Tenant's lease, Borrower may:

(1) With 60 days' advance written notice, increase such Tenant's Rent to the lesser of (i) one-twelfth (1/12) of thirty percent (30%) of the actual Adjusted Income of the Tenant, and (ii) the fair market rent, and

(2) Rent the next available Unit to an Extremely Low Income Household, Forty Percent Income Household, Very Low Income Household, or Sixty Percent Income Household as applicable, to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or designate another comparable Unit that is occupied by an Extremely Low Income Household, Forty Percent Income Household, Very Low Income Household, or Sixty Percent Income Household as applicable, as a County-Assisted Unit, to meet the requirements of Section 2.1 above. On the day that Borrower complies with Section 2.1 in accordance with this Section 2.4(c), the Unit with the over-income Tenant will no longer be considered a County-Assisted Unit.

(d) Termination of Occupancy. Upon termination of occupancy of a County-Assisted Unit by a Tenant, such Unit will be deemed to be continuously occupied by a household of the same income level as the initial income level of the vacating Tenant, until such unit is reoccupied, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1.

ARTICLE 3 INCOME CERTIFICATION; REPORTING; RECORDS

3.1 Income Certification. Borrower shall obtain, complete, and maintain on file, within sixty (60) days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the County-Assisted Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by the applicant or occupying household, as the case may be, in an income certification. To verify the information, Borrower shall take two or more of the following steps: (i) obtain a pay stub for the most recent pay period; (ii) obtain an income tax return for the most recent tax year; (iii) conduct a credit agency or similar search; (iv) obtain an income verification form from the applicant's current employer; (v) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (vi) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Where applicable, Borrower shall examine at least two (2) months of relevant source documentation. Copies of Tenant income certifications are to be available to the County upon request.

3.2 Reporting Requirements.

(a) Borrower shall submit to the County within one hundred eighty (180) days

after the Completion Date, and not later than forty-five (45) days after the close of each calendar year, or such other date as may be requested by the County, a report that includes the following data for each Unit and specifically identifies which Units are County-Assisted Units: (i) Tenant income, (ii) the number of occupants, (iii) the Rent, (iv) the number of bedrooms, and (v) the initial address of each Tenant. To demonstrate continued compliance with Section 2.1 Borrower shall cause each annual report after the initial report to include a record of any subsequent Tenant substitutions and any vacancies in County-Assisted Units that have been filled.

(b) Borrower shall submit to the County within forty-five (45) days after receipt of a written request, or such other time agreed to by the County, any other information or completed forms requested by the County in order to comply with reporting requirements of HUD, the State of California, and the County.

3.3 Tenant Records. Borrower shall maintain complete, accurate and current records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be at all times: (i) separate and identifiable from any other business of Borrower, (ii) maintained as required by the County, in a reasonable condition for proper audit, and (iii) subject to examination during business hours by representatives of the County. Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years. The County may examine and make copies of all books, records or other documents of Borrower that pertain to the Development.

3.4 Development Records.

(a) Borrower shall keep and maintain at the principal place of business of the Borrower set forth in Section 6.11 below, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts relating to the Development. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of the Loan Documents to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this County Regulatory Agreement. Borrower shall cause all books, records, and accounts to be open to and available for inspection and copying by HUD, the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the County at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve such records (including the records required under the HOME/HOPWA Regulatory Agreement) for a period of not less than five (5) years after their creation in compliance with all HUD records and accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Loan is pending at the end of the record retention period stated herein, then Borrower shall retain the records until such action and all related issues are resolved. Borrower shall cause the records to include all invoices, receipts, and other documents related to expenditures from the Loan funds. Borrower shall cause records to be accurate and current and in a form that allows the County to comply with the record keeping requirements contained in 24 C.F.R. 92.508, 24 C.F.R. 570.506, 24 C.F.R. 574.450, and 24 C.F.R. 574.530. Such records are to include but are not limited to:

(i) Records providing a full description of the activities undertaken with the use of the Loan funds;

(ii) Records demonstrating compliance with the maintenance requirements set forth in Section 5.6;

(iii) Records documenting compliance with the fair housing, equal opportunity, and affirmative fair marketing requirements;

(iv) Financial records; and

(v) Records demonstrating compliance with the marketing, tenant selection, social services, affordability, and income requirements.

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

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development for residential use only. No part of the Development may be operated as transient housing.

4.2 Compliance with Loan Documents and Program Requirements. Borrower's actions with respect to the Property shall at all times be in full conformity with: (i) all requirements of the Loan Documents; and (ii) any other regulatory requirements imposed on the Development.

4.3 Marketing Plan; Tenant Selection Plan; and Social Services Plan.

(a) Marketing Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for marketing the Development to income-eligible households and HOPWA-Eligible Households as required by this County Regulatory Agreement (the "Marketing Plan"). The Marketing Plan must include information on affirmative marketing efforts and compliance with fair housing laws and 24 C.F.R. 92.351(a).

(2) Upon receipt of the Marketing Plan, the County will promptly review the Marketing Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Marketing Plan is not approved, the County will give Borrower specific reasons

for such disapproval and Borrower shall submit a revised Marketing Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County. If the Borrower does not submit a revised Marketing Plan that is approved by the County at least three (3) months prior to the date completion of the Development is projected to be complete, Borrower will be in default of this County Regulatory Agreement.

(b) Tenant Selection Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County, for its review and approval, Borrower's written tenant selection plan (the "Tenant Selection Plan"). Borrower's Tenant Selection Plan must, at a minimum, meet the requirements for tenant selection set out in 24 C.F.R. Part 574 and 24 C.F.R. 92.253(d), and any modifications thereto.

(2) Upon receipt of the Tenant Selection Plan, the County will promptly review the Tenant Selection Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Tenant Selection Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Tenant Selection Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Tenant Selection Plan until the Tenant Selection Plan is approved by the County. If the Borrower does not submit a revised Tenant Selection Plan that is approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this County Regulatory Agreement.

(c) Social Services Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for providing social services from qualified service providers to the HOPWA-Eligible Households of the Development as required by 24 C.F.R. Section 574.310(a)(1) and the HOME/HOPWA Regulatory Agreement (the "Social Services Plan").

(2) Upon receipt of the Social Services Plan, the County will promptly review the Social Services Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Social Services Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Social Services Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Social Services Plan until the Social Services Plan is approved by the County. If the Borrower does not submit a revised Social Services Plan that is approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this County Regulatory Agreement.

4.4 Lease Provisions.

(a) No later than four (4) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval Borrower's proposed form of lease agreement for the County's review and approval. When leasing Units within the Development, Borrower shall use the form of lease approved by the County. The form of lease must comply with all requirements of this County Regulatory Agreement, the other Loan Documents and must, among other matters:

(1) provide for termination of the lease for failure to: (i) provide any information required under this County Regulatory Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this County Regulatory Agreement, or (ii) qualify as an Extremely Low Income Household, Forty Percent Income Household, Very Low Income Household, or Sixty Percent Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation.

(2) be for an initial term of not less than one (1) year, unless by mutual agreement between the Tenant and Borrower, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month-to-month by mutual agreement of Borrower and the Tenant. Notwithstanding the above, any rent increases are subject to the requirements of Section 2.3 above.

(3) include a provision that requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.1(f) and who is not in need of an accessible Unit to move to a non-accessible Unit when a non-accessible Unit becomes available and another Tenant or prospective Tenant is in need of an accessible Unit.

(b) Any termination of a lease or refusal to renew a lease for a County-Assisted Unit must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(c) During the Term, Borrower shall comply with the Marking Plan, Social Services Plan, and Tenant Selection Plan approved by the County.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the County in its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). The County has approved Satellite Affordable Housing Associates Property Management, Inc. as the Management Agent. Borrower shall submit for the County's approval the identity of any proposed subsequent management agent. Borrower shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for the County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a qualified management agent set forth above, the County shall approve the proposed management agent by notifying Borrower in writing. Unless the proposed management agent is disapproved by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.3 Periodic Performance Review. The County reserves the right to conduct an annual (or more frequently, if deemed necessary by the County) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this County Regulatory Agreement. Borrower shall cooperate with the County in such reviews.

5.4 Replacement of Management Agent. If, as a result of a periodic review, the County determines in its reasonable judgment that the Development is not being operated and managed in accordance with any of the material requirements and standards of this County Regulatory Agreement, the County shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then-current Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above.

Any contract for the operation or management of the Development entered into by Borrower shall provide that the Management Agent may be dismissed and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this County Regulatory Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.5 below.

5.5 Approval of Management Policies. Borrower shall submit its written management policies with respect to the Development to the County for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this County Regulatory Agreement.

5.6 Property Maintenance.

(a) Borrower shall maintain, for the entire Term of this County Regulatory Agreement, all interior and exterior Improvements, including landscaping in decent, safe and sanitary condition, and in good condition and repair, in accordance with the maintenance standards provided by the County (the "Maintenance Standards"). Borrower shall cause the Development to be: (i) maintained in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; and (ii) free of all health and safety defects. Borrower shall correct any life-threatening maintenance deficiencies, including those set forth in the Maintenance Standards immediately upon notification.

(b) At the beginning of each year of the Term, Borrower shall certify to the County that the Development is in compliance with the Maintenance Standards.

5.7 Property Inspections.

(a) On-Site Physical Inspections. The County will perform on-site inspections of the Development during the Term to ensure compliance with the Maintenance Standards. The County will perform an on-site inspection within twelve months after completion of construction of the Development and at least once every three (3) years during the Term. If the Development is found to have health and safety violations, the County may perform more frequent inspections. Borrower shall cooperate in such inspections.

(b) Violation of Maintenance Standards. If after an inspection, the County determines that Borrower is in violation of the Maintenance Standards, the County will provide Borrower a written report of the violations. Borrower shall correct the violations set forth in the report provided to Borrower by County. The County will perform a follow-up inspection to verify that the violations have been corrected. If such violations continue for a period of ten (10) days after delivery of the report to Borrower by the County with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after delivery of the report to Borrower by the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the violation. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount Borrower shall promptly pay to the County upon demand.

ARTICLE 6 MISCELLANEOUS

6.1 Nondiscrimination.

(a) All of the Units must be available for occupancy on a continuous basis to members of the general public who are income eligible. Borrower may not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to income eligible households pursuant to this County Regulatory Agreement and the HOME/HOPWA Regulatory Agreement. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower, that there exist no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit nor will Borrower or any person claiming under or through Borrower, 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 of any unit or in connection with the employment of persons for the construction, operation and management of any unit.

(b) Borrower 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 housing program under Section 8 of the United States Housing Act, or its successor. Borrower may not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor will Borrower apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants.

6.2 Application of Provisions. The provisions of this County Regulatory Agreement apply to the Property for the entire Term even if the Loan is paid in full prior to the end of the Term. This County Regulatory Agreement binds any successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.3 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Borrower shall provide by first-class mail, postage prepaid, a notice to all Tenants containing (i) the anticipated date of the expiration of the Term, (ii) any anticipated increase in Rent upon the expiration of the Term, (iii) a statement that a copy of such notice will be sent to the County, and (iv) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Borrower shall

also file a copy of the above-described notice with the County Deputy Director-Current Planning.

(b) In addition to the notice required above, Borrower shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11. Such notice requirements include: (i) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a)) prior to the expiration of the Term, (ii) a six (6) month notice requirement to existing tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (iii) a notice of an offer to purchase the Development to "qualified entities" (as defined in California Government Code Section 65863.11(d)), if the Development is to be sold within five (5) years of the end of the Term; (iv) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

6.4 Covenants to Run With the Land. The County and Borrower hereby declare their express intent that the covenants and restrictions set forth in this County Regulatory Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the Term said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, is to be held conclusively to have been executed, delivered and accepted subject to the covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this County Regulatory Agreement.

6.5 Enforcement by the County. If Borrower fails to perform any obligation under this County Regulatory Agreement, and fails to cure the default within thirty (30) days after the County has notified Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within sixty (60) days, the County may enforce this County Regulatory Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The County may declare a default under the Note, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the Deed of Trust.

(b) Action to Compel Performance or for Damages. The County may bring an action at law or in equity to compel Borrower's performance of its obligations under this County Regulatory Agreement, and may seek damages.

(c) Remedies Provided Under Loan Documents. The County may exercise any other remedy provided under the Loan Documents.

The County shall provide notice of a default to Borrower's limited partner in the manner set forth in Section 6.5 of the Loan Agreement.

6.6 Attorneys' Fees and Costs. In any action brought to enforce this County Regulatory Agreement, the prevailing party must be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section must be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.7 Recording and Filing. The County and Borrower shall cause this County Regulatory Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Contra Costa.

6.8 Governing Law. This County Regulatory Agreement is governed by the laws of the State of California.

6.9 Waiver of Requirements. Any of the requirements of this County Regulatory Agreement may be expressly waived by the County in writing, but no waiver by the County of any requirement of this County Regulatory Agreement extends to or affects any other provision of this County Regulatory Agreement, and may not be deemed to do so.

6.10 Amendments. This County Regulatory Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title that is duly recorded in the official records of the County of Contra Costa.

6.11 Notices. Any notice requirement set forth herein will be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

County:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, CA 94553 Attn: Affordable Housing Program Manager
Borrower:	Tabora Gardens, L.P. c/o Tabora Gardens LLC 1835 Alcatraz Avenue Berkeley, CA 94703 Attention: Executive Director
Investor Limited Partner:	Raymond James California Housing Opportunities Fund VI LLC c/o Raymond James Tax Credit Funds, Inc. 880 Carillon Parkway St. Petersburg, Florida 33716 Facsimile No.: 727-567-8455 Attention: Steven J. Kropf, President

with a copy to:

Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.12 Severability. If any provision of this County Regulatory Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this County Regulatory Agreement will not in any way be affected or impaired thereby.

6.13 Multiple Originals; Counterparts. This County Regulatory Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.14 HOME/HOPWA Regulatory Agreement. The County and Borrower are entering into the HOME/HOPWA Regulatory Agreement concurrently with this County Regulatory Agreement. The HOME/HOPWA Regulatory Agreement will be in effect for twenty-one (21) years from the Completion Date (the "HOME Term") and include HOME and HOPWA requirements applicable to the use of HOME Funds and HOPWA Funds. Compliance with the terms of the HOME/HOPWA Regulatory Agreement will be deemed compliance with this County Regulatory Agreement during the HOME Term. In the event of a conflict between this County Regulatory Agreement and the HOME/HOPWA Regulatory Agreement during the HOME Term, the terms of the HOME/HOPWA Regulatory Agreement will prevail.

[remainder of page intentionally left blank]

WHEREAS, this County Regulatory Agreement has been entered into by the undersigned as of the date first written above.

COUNTY:

COUNTY OF CONTRA COSTA, a political
subdivision of the State of California

By: _____
John Kopchik
Director, Department of Conservation and
Development

Approved as to form:

SHARON L. ANDERSON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

Tabora Gardens, L.P., a California limited
partnership

By: Tabora Gardens LLC, a California limited
liability company, its general partner

By: Satellite Affordable Housing
Associates, a California nonprofit
public benefit corporation, its
manager

By: _____
Susan Friedland
Executive Director

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

Legal Description

The land is situated in the State of California, County of Contra Costa, and is described as follows:

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

No fee for recording pursuant to
Government Code Section 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING
Tabora Gardens Senior Housing
(HOME, HOPWA, NSP, and Summer Lake Affordable Housing Trust Funds)

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("Deed of Trust") is made as of August __, 2016, by and among Tabora Gardens, L.P., a California limited partnership ("Trustor"), Old Republic Title Company, a California corporation ("Trustee"), and the County of Contra Costa, a political subdivision of the State of California ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's fee interest in the property located in the County of Contra Costa, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed,

adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or will be, attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING THE FOLLOWING OBLIGATIONS (together, the "Secured Obligations"):

A. Payment to Beneficiary of all sums at any time owing under or in connection with (i) the Note (defined in Section 1.6 below) until paid in full or cancelled, and (ii) any other amounts owing under the Loan Documents (defined in Section 1.5 below). Principal and other payments are due and payable as provided in the Note or other Loan Documents, as applicable.

The Note and all its terms are incorporated herein by reference, and this conveyance secures any and all extensions thereof, however evidenced;

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein;

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents; and

D. All modifications, extensions and renewals of any of the Secured Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms have the following meanings in this Deed of Trust:

Section 1.1 The term "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

Section 1.2 The term "Intercreditor Agreement" means that certain Intercreditor Agreement of even date herewith, among Trustor, Beneficiary, and the City of Antioch.

Section 1.3 The term "Loan" means the loan made by Beneficiary to Trustor in the amount of Three Million Dollars (\$3,000,000).

Section 1.4 The term "Loan Agreement" means that certain Development Loan Agreement between Trustor and Beneficiary, of even date herewith, as such may be amended from time to time, providing for the Beneficiary to loan to Trustor Three Million Dollars (\$3,000,000).

Section 1.5 The term "Loan Documents" means this Deed of Trust, the Note, the Loan Agreement, the Intercreditor Agreement, and the Regulatory Agreement, and any other agreements, debt, loan or security instruments between Trustor and Beneficiary relating to the Loan.

Section 1.6 The term "Note" means the promissory note in the principal amount of Three Million Dollars (\$3,000,000) of even date herewith, executed by Trustor in favor of

Beneficiary, as it may be amended or restated, the payment of which is secured by this Deed of Trust. The terms and provisions of the Note are incorporated herein by reference.

Section 1.7 The term "Principal" means the amounts required to be paid under the Note.

Section 1.8 The term "Regulatory Agreement" means collectively, the County Regulatory Agreement and Declaration of Restrictive Covenants, and HOME/ HOPWA Regulatory Agreement and Declaration of Restrictive Covenants, both of even date herewith by and between Beneficiary and Trustor.

ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment and performance of the Secured Obligations, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary has no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary exercises its rights as agent of Trustor only in the event that Trustor fails to take, or fails to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary specifies upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained requires Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of Contra Costa County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law, and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable, subject to the rights of senior lenders that are approved by the Beneficiary pursuant to the Loan Agreement. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the Secured Obligations with the balance, so long as no such breach has occurred and is continuing, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to, rents then due and unpaid, and all such rents will immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor contains a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, other than as security to senior lenders, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than

two (2) months prior to the due dates of such rents. Trustor further covenants that, so long as the Secured Obligations are outstanding, Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver will be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents are to be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this deed of Trust. Beneficiary or the receiver is to have access to the books and records used in the operation and maintenance of the Property and will be liable to account only for those rents actually received. Beneficiary is not liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes will become part of the Secured Obligations pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts are payable by Trustor to Beneficiary upon notice from Beneficiary to Trustor requesting payment thereof and will bear interest from the date of disbursement at the rate stated in Section 3.3.

If the Beneficiary or the receiver enters upon and takes and maintains control of the Property, neither that act nor any application of rents as provided herein will cure or waive any default under this Deed of Trust or invalidate any other right or remedy available to Beneficiary under applicable law or under this Deed of Trust. This assignment of rents of the Property will terminate at such time as this Deed of Trust ceases to secure the Secured Obligations.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company that are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor is not required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof is promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges can be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 may not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor fails to pay any of the items required by this Section to be paid by Trustor, Beneficiary may (but is under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, will become part of the Secured Obligations secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid, all Secured Obligations secured hereunder have been fulfilled, and this Deed of Trust has been reconveyed.

All such insurance policies and coverages are to be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, are to be delivered to the Beneficiary upon demand therefor at any time prior to Trustor's satisfaction of the Secured Obligations.

Section 3.3 Advances.

In the event the Trustor fails to maintain the full insurance coverage required by this Deed of Trust or fails to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but is under no obligation to) (i) take out the required policies of insurance and pay the premiums on the same, and (ii) make any repairs or replacements that are necessary and provide for payment thereof. All

amounts so advanced by the Beneficiary will become part of the Secured Obligations (together with interest as set forth below) and will be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, will bear interest from the date of the advance at the Default Rate.

ARTICLE 4 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

Subject to the rights of senior lenders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) the taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (collectively, the "Funds") are hereby assigned to and are to be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part to any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary determines at its sole option, subject to the provisions of Section 4.8 of the Loan Agreement regarding restoration of improvements following damage or destruction. The Beneficiary is entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof will not cure or waive any default under this Deed of Trust.

ARTICLE 5 AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined in Section 7.1) hereunder, and if the Beneficiary employs attorneys or incurs other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary. Any such amounts paid by the Beneficiary will be added to the Secured Obligations, and will bear interest from the date such expenses are incurred at the Default Rate.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust is deemed to be fixtures and part of the real property and this Deed of Trust constitutes a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust constitutes a security agreement under the California Commercial Code.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor shall perform all acts that the Beneficiary reasonably requests so as to enable the Beneficiary to maintain a valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it deems appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times upon seventy-two (72) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, may inspect the Security, without payment of charges or fees.

Section 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor will the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants run with the land.

ARTICLE 6 HAZARDOUS WASTE

Trustor shall keep and maintain the Property (including, but not limited to, soil and ground water conditions) in compliance with all Hazardous Materials Laws and shall not cause or permit the Property to be in violation of any Hazardous Materials Law (defined below). Trustor may not cause or permit the use, generation, manufacture, storage or disposal of on, under, or about the Property or transportation to or from the Property of (i) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical, and (ii) any waste, substance or material defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic materials", "toxic waste", "toxic substances," or words of similar import under any Hazardous Materials Law (collectively referred to hereinafter as "Hazardous Materials"), except such of the foregoing as may be customarily used in construction or operation of a multi-family residential development.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, health, industrial hygiene, environmental conditions, or the regulation or protection of the environment, and all amendments thereto as of this date and to be added in the future and any successor statute or rule or regulation promulgated thereto ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary has the right to join and participate in, as a party if it so elects, and be represented by counsel acceptable to Beneficiary (or counsel of its own choice if a conflict exists with Trustor) in, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims, and to have its reasonable attorneys' fees in connection therewith paid by Trustor.

Trustor shall indemnify and hold harmless Beneficiary and its boardmembers, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, fine, penalty, judgment, award, settlement, expense or liability, directly or indirectly arising out of or attributable to: (i) any actual or alleged past or present violation of any Hazardous Materials Law; (ii) any Hazardous Materials Claim; (iii) any actual or alleged past or present use,

generation, manufacture, storage, release, threatened release, discharge, disposal, transportation, or presence of Hazardous Materials on, under, or about the Property; (iv) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Property relating to Hazardous Materials (whether on the Property or any other property); and (v) the breach of any representation of warranty by or covenant of Trustor in this Article, and Section 5.1(l) of the Loan Agreement. Such indemnity must include, without limitation: (x) all consequential damages; (y) the costs of any required or necessary investigation, repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (z) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (x) and (y), including but not limited to reasonable attorneys' fees and consultant fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property; (2) loss or restriction of use of rentable space on the Property; (3) adverse effect on the marketing of any rental space on the Property; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify will survive reconveyance of this Deed of Trust and will not be diminished or affected in any respect as a result of any notice, disclosure, knowledge, if any, to or by Beneficiary of Hazardous Materials.

Without Beneficiary's prior written consent, which may not be unreasonably withheld, Trustor may not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgment, impairs the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent is not necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor notifies Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the

Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor will be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate until paid, will be added to the indebtedness secured by this Deed of Trust and will be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following are events of default following the expiration of any applicable notice and cure periods (each an "Event of Default"): (i) failure to make any payment to be paid by Trustor under the Loan Documents; (ii) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination; (iii) failure to make any payment or observe or perform any of Trustor's other covenants, agreements, or obligations under any Secured Obligations, which default is not cured within the times and in the manner provided therein; and (iv) failure to make any payments or observe or perform any of Trustor's other covenants, agreements or obligations under any other debt instrument or regulatory agreement secured by the Property, which default is not cured within the time and in the manner provided therein.

Beneficiary shall provide notice of an Event of Default in the manner set forth in the Loan Agreement.

Section 7.2 Acceleration of Maturity.

If an Event of Default has occurred and is continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and all unpaid Secured Obligations are immediately due and payable, and no omission on the part of the Beneficiary to exercise such option when entitled to do so may be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default has occurred and is continuing, the Beneficiary may:

- (a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Property and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security will not cure or waive any Event of Default or Notice of Sale (as defined in Section 7.3(c), below) hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Sale, and, notwithstanding the continuance in possession of the Security, Beneficiary will be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;
- (b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;
- (c) Deliver to Trustee a written declaration of an Event of Default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Sale"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of Contra Costa County; or
- (d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing the Secured Obligations.

Section 7.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall deliver to the Trustee the Notice of Sale and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which will be deemed to constitute evidence that the Secured Obligations are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

- (a) Upon receipt of the Notice of Sale from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as is then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after the lapse of

that amount of time as is then required by law and after recordation of such Notice of Sale as required by law, sell the Security, at the time and place of sale set forth in the Notice of Sale, whether as a whole or in separate lots or parcels or items, as Trustee deems expedient and in such order as it determines, unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts will be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other Secured Obligations owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver.

If an Event of Default occurs and is continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, may apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers will have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and will continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy will be cumulative and concurrent and will be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default will exhaust or impair any such right, power or remedy, and may not be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary.

Beneficiary's express or implied consent to breach, or waiver of, any obligation of the Trustor hereunder will not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, will not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment or performance of any Secured Obligation, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission will not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor will any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, will the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary has the power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, will be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount that becomes due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any Secured Obligations or in proceedings against the Security, in

connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8 MISCELLANEOUS

Section 8.1 Amendments.

This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Secured Obligations have been paid or forgiven, and all obligations under the Loan Documents have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Deed of Trust it becomes necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication must be in writing and is to be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary is to be addressed to:

County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attention: Affordable Housing Program Manager

and (2) if intended for Trustor is to be addressed to:

Tabora Gardens, L.P.
c/o Tabora Gardens LLC
1835 Alcatraz Avenue
Berkeley, CA 94703
Attention: Executive Director

With a copy to:

Raymond James California Housing Opportunities Fund VI LLC
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455

Attention: Steven J. Kropf, President

with a copy to:

Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

Any notice, demand or communication will be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors.

Where an obligation created herein is binding upon Trustor, the obligation also applies to and binds any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation will be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor will be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity will not affect the balance of the terms and provisions hereof, which terms and provisions will remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, will be considered to have been first paid or applied to the full payment of that portion of the debt that is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust is governed by the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular includes the plural and the masculine includes the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage also refers to a deed of trust and any reference to a deed of trust also refers to a mortgage.

Section 8.10 Actions.

Trustor shall appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution is to be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, will be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of a pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee is a party unless brought by Trustee.

Section 8.14 Tax Credit Provisions.

Notwithstanding anything to the contrary contained herein or in any documents secured by this Deed of Trust or contained in any subordination agreement, and to the extent applicable, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the Security encumbered by this Deed of Trust, the following rule contained in 26 U.S.C. Section 42(h)(6)(E)(ii), as amended, applies:

For a period of three (3) years from the date of Foreclosure, with respect to an existing tenant of any low-income unit, (i) such tenant may not be subject to eviction or termination of their tenancy (other than for good cause), (ii) nor may such tenant's gross rent with respect to

such unit be increased, except as otherwise permitted under Section 42 of the Internal Revenue Code.

Section 8.15 Subject to RAD Use Agreement.

This Deed of Trust is in all respects subject to and subordinate in priority to that certain Rental Assistance Demonstration (RAD) Use Agreement to be entered into between the U.S. Department of Housing and Urban Development and the Trustor recorded contemporaneously herewith in the Official Records of Contra Costa County.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

Tabora Gardens, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit
corporation, its manager

By: _____
Susan Friedland
Executive Director

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)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION

The land is situated in the State of California, County of Contra Costa, and is described as follows:



**Contra
Costa
County**

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: August 9, 2016

Subject: Notes Sale Resolution - Riviera Family Apartments

RECOMMENDATION(S):

1. ADOPT Resolution No. 2016/478 (the "Resolution") authorizing the issuance of Multifamily Housing Revenue Notes in principal amounts not to exceed \$19,200,000 to finance the construction of Riviera Family Apartments in Walnut Creek (the "Development").
2. FIND and DECLARE that the recitals contained in the proposed Resolution are true and correct.
3. AUTHORIZE the issuance of County of Contra Costa Multifamily Housing Revenue Notes (Riviera Family Apartments), Series 2016C (the "Notes") in an aggregate principal amount not to exceed \$19,200,000.
4. APPROVE the form of, and authorize the County to execute, the Funding Loan Agreement between the County of Contra Costa (the "County") and MUFG Union Bank N.A (the "Bank").
5. APPROVE the form of, and authorize the County to execute, the Construction Loan Agreement between the County and Riviera Family Apartments L.P., a California Limited Partnership (the "Borrower")
6. APPROVE the form of, and authorize the County to execute, two Regulatory Agreements and Declarations of Restrictive Covenants, one related to the units located at 1515 Riviera and the other relating to the units located at 1738 Riviera, all in Walnut Creek, between the County and the Borrower.
7. APPROVE the form of, and authorize the County to execute, the Assignment of Deed of Trust by the County to the Bank.
8. AUTHORIZE the Designated Officers of the County to execute and deliver the Notes to the Bank.
9. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.
10. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2016/478, to do any and all things and take any and all actions, and execute and deliver any and all certificates,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 9, 2016

Contact: Kara Douglas
925-674-7880

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

RECOMMENDATION(S): (CONT'D)

agreements, and other documents which the officer may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with the Resolution.

FISCAL IMPACT:

No impact to the General Fund. At the closing for the Notes, the County is reimbursed for costs incurred in the issuance process. Annual expenses for monitoring of Regulatory Agreement provisions ensuring units in the Development will be rented to low income households will be reimbursed through issuer fees established in the documents for the Notes. The Notes will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Note documents. No County funds are pledged to secure the Notes.

BACKGROUND:

The recommended action is the adoption of a Resolution by the Board, as the legislative body of the County, authorizing the issuance of multifamily housing revenue notes, the proceeds of which will be used to finance the acquisition and rehabilitation of Riviera Family Apartments, a 58 unit residential housing development located at 1515 Riviera and 1738 Riviera in Walnut Creek.

The ownership entity for the development will be Riviera Family Apartments, L.P., a California limited partnership with RCD GP LLC serving as general partner of the Borrower. The ownership entity is an affiliate of Resources for Community Development, a local non-profit housing developer that has developed over 450 units of housing in Contra Costa County. Wells Fargo Bank will be the tax credit investor limited partner.

On December 8, 2015, the Board of Supervisors adopted Resolution No. 2015/455 expressing the Board's intent to issue multi-family housing revenue notes for the Development. That Resolution authorized the submittal of an application by the County for tax-exempt private activity bond authority from the California Debt Limit Allocation Committee. Subsequent to the adoption of that Resolution, the County, as required by Section 147(f) of the Internal Revenue Code, held a noticed public hearing to permit interested parties to comment on the proposed financing and the Development. That hearing was held on January 4, 2016, with no comments received from the public. The Board adopted Resolution No. 2016/31 on January 19, 2016, to authorize proceeding with the issuance of the Notes pursuant to Section 147(f) of the Internal Revenue Code.

On March 16, 2016, the California Debt Limit Allocation Committee awarded the County authority to issue the Notes in a maximum principal amount of \$19,200,000. That authority will be used to issue and sell the Notes directly to MUFG Union Bank N.A. with the proceeds of the Notes to be used to fund a loan by the County to Riviera Family Apartments, L.P. In addition to the proceeds of the Notes, the Development will utilize other forms of financing detailed in Attachment A. The transaction is expected to close on or about August 18, 2016.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Notes in order to provide a loan to Riviera Family Apartments, L.P. to finance the construction of Riviera Family Apartments.

CHILDREN'S IMPACT STATEMENT:

Riviera Family Apartments provide 58 units of affordable rental housing appropriate for families. This supports outcome #3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution No. 2016/478

Finance Summary

Funding Loan Agreement

Construction and Permanent Loan Agreement

Form of Regulatory Agreement

Assignment of Deed of Trust and Related Documents

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 08/09/2016 by the following vote:

AYE: ☐

NO: ☐

ABSENT: ☐

ABSTAIN: ☐

RECUSE: ☐



Resolution No. 2016/478

RESOLUTION AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE NOTES IN A PRINCIPAL AMOUNT NOT TO EXCEED \$19,200,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING PROJECT FOR RIVIERA FAMILY APARTMENTS, L.P., AND OTHER MATTERS RELATING THERETO

WHEREAS, the County of Contra Costa (the "County") is authorized pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to issue bonds and notes for the purpose of financing multifamily rental housing facilities; and

WHEREAS, Riviera Family Apartments, L.P., a California limited partnership (the "Borrower") sponsored by Resources for Community Development, has requested that the County issue three series of multifamily housing revenue notes (collectively, the "Notes") and loan the proceeds of the Notes to the Borrower to finance the acquisition and construction by the Borrower of 58 units of residential rental housing, including 30 units to be located at 1515 Riviera Avenue and 28 units to be located at 1738 Riviera Avenue, all in Walnut Creek, California and collectively referred to below as the "Development;" and

WHEREAS, on January 4, 2016, the Community Development Bond Program Manager of the County held a public hearing on the proposed issuance of the Notes by the County for, and the financing, ownership and operation of, the Development, as required under the provisions of the Internal Revenue Code (the "Code") applicable to tax-exempt obligations, following published notice of such hearing, and communicated to the Board of Supervisors of the County all written and oral testimony received at the hearing; and

WHEREAS, on January 19, 2016, the Board of Supervisors of the County adopted Resolution No. 2016/31 authorizing the issuance of the Notes to finance the Development in satisfaction of public approval requirements of the Code; and

WHEREAS, the California Debt Limit Allocation Committee adopted its Resolution No. 16-9 on March 16, 2016 allocating \$19,200,000 of the State of California ceiling on private activity bonds for 2016 to the County for the purpose of financing the Development; and

WHEREAS, in order to assist in the financing of the Development, the County has determined to issue the Notes to MUFG Union Bank, N.A. (the "Bank"), as authorized by the Act, pursuant to a funding loan agreement (the "Funding Loan Agreement") between the County and the Bank, and to use the proceeds of the loan evidenced by the Notes to make a loan to the Borrower pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) (the "Borrower Loan Agreement") among the County, the Bank and the Borrower, with amounts due from the County to the Bank under the Notes and the Funding Loan Agreement to be payable solely from amounts paid by the Borrower under the Borrower Loan Agreement; and

WHEREAS, there have been prepared various documents with respect to the issuance by the County of the Notes, copies of which are on file with the Clerk of the Board, and the Board of Supervisors now desires to approve the issuance of the Notes and the execution and delivery of such documents by the County; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Notes as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

Section 1. The Board of Supervisors hereby finds and declares that the foregoing recitals are true and correct.

Section 2. Pursuant to the Act and the Funding Loan Agreement, the Notes designated as "County of Contra Costa Multifamily Housing Revenue Notes (Riviera Family Apartments), Series 2016C" in three series in an aggregate principal amount of not to exceed \$19,200,000, are hereby authorized to be issued; provided that the principal amount of the Tax-Exempt Notes (as defined in the Funding Loan Agreement shall not in any event exceed \$19,200,000). The Notes shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors (the "Chair"), in the forms set forth in and otherwise in accordance with the Funding Loan Agreement.

Section 3. The Funding Loan Agreement between the County and the Bank, in the form on file with the Clerk of the Board, is hereby approved. Any one of the Chair of the Board of Supervisors, the Vice-Chair of the Board of Supervisors, the County Administrator, the Director of Conservation and Development, the Assistant Deputy Director of Conservation and Development and the Community Development Bond Program Manager (collectively, the "Designated Officers") is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Funding Loan Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Funding Loan Agreement upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof, provided that no additions or changes shall authorize an aggregate principal amount of the Notes or of the Tax-Exempt Notes in excess of the amounts set forth in Section 2 above), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Funding Loan Agreement by the County. The date, maturity date, interest rate or rates, privileges, manner of execution, place of payment, terms of redemption and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

Section 4. The Borrower Loan Agreement among the Bank, the County and the Borrower, in the form on file with the Clerk of the Board, is hereby approved. Any one of the Designated Officers is hereby authorized to execute and deliver the Borrower Loan Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Borrower Loan Agreement upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such changes to be conclusively evidenced by the execution and delivery of the Borrower Loan Agreement by the County.

Section 5. Two regulatory agreements and declarations of restrictive covenants, one relating to the units in the Development to be located at 1515 Riviera Avenue and the other relating to the units in the Development to be located at 1738 Riviera Avenue, each between the County and the Borrower (collectively, the "Regulatory Agreements"), each in the form of the regulatory agreement and declaration of restrictive covenants on file with the Clerk of the Board, are hereby approved. Any one of the Designated Officers is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Regulatory Agreements in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Regulatory Agreements upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Regulatory Agreements by the County.

Section 6. The Assignment of Deed of Trust, by the County to the Bank (the "Assignment"), in the form on file with the Clerk of the Board, is hereby approved. Any one of the Designated Officers is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Assignment in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Assignment upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 9 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Assignment by the County.

Section 7. The Notes, when executed, shall be delivered to the Bank (as the holder of the Notes), in accordance with written instructions executed on behalf of the County by any one of the Designated Officers of the County, which instructions said officers are hereby authorized, for and in the name and behalf of the County, to execute and deliver. Such instructions shall provide for the delivery of the Notes to the Bank upon the funding by the Bank of the initial advance of the purchase price of the Notes as described in Section 3.4(a) of the Funding Loan Agreement.

Section 8. The law firm of Quint & Thimmig LLP is hereby designated as Bond Counsel to the County for the Notes. The fees and expenses of such firm for matters related to the Notes shall be payable solely from the proceeds of the Notes or contributions by the Borrower.

Section 9. All actions heretofore taken by the officers and agents of the County with respect to the issuance of the Notes are hereby approved, confirmed and ratified, and the proper officers of the County, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and

execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution, including but not limited to any certificates, agreements and other documents described in the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreements or the Assignment, or otherwise necessary to issue the Notes and consummate the transactions contemplated by the documents approved by this Resolution.

Section 10. This Resolution shall take effect upon its adoption.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Kara Douglas 925-674-7880

ATTESTED: August 9, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

Attachment A
Riviera Family Apartments
Multifamily Housing Revenue Note
Plan of Finance*

	<u>Construction</u>	<u>Permanent</u>
Tax Exempt Note	\$ 19,200,000	\$ 4,577,302
County HOME/HOPWA	2,000,000	2,000,000
4% Low Income Housing Tax Credits	1,523,035	15,575,733
City of Walnut Creek	6,000,000	6,000,000
Affordable Housing Program		570,000
Affordable Housing and Sustainable Communities Loan	2,614,450	2,614,450
Affordable Housing and Sustainable Communities Grant	2,342,160	2,342,160
State HCD Infill Infrastructure Grant	2,800,240	2,800,240
Deferred Developer Fee & GP Equity	1,167,500	1,167,500
Total	\$ 37,647,385	\$ 37,647,385

** The amounts will be refined during the transaction closing.*

FUNDING LOAN AGREEMENT

by and between

MUFG UNION BANK, N.A.

and the

COUNTY OF CONTRA COSTA, CALIFORNIA

dated as of September 1, 2016

relating to:

\$ _____

**County of Contra Costa
Multifamily Housing Revenue Notes
(Riviera Family Apartments), Series 2016C**

consisting of:

\$ _____ Promissory Note C-1 (Multifamily Housing Back to Back Loan Program)
\$ _____ Promissory Note C-2 (Multifamily Housing Back to Back Loan Program)
\$ _____ Promissory Note C-3 (Multifamily Housing Back to Back Loan Program)

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EXHIBIT A-3	FORM OF PROMISSORY NOTE C-3
EXHIBIT B	FORM OF INVESTOR LETTER

FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT, dated as of September 1, 2016 (the "Funding Loan Agreement"), is by and between MUFG UNION BANK, N.A. (together with any successor to its rights, duties and obligations hereunder, the "Bank"), and the COUNTY OF CONTRA COSTA, CALIFORNIA (together with any successor to its rights, duties and obligations hereunder, the "Governmental Lender").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following words and terms as used in this Agreement shall have the following meanings unless the context or use otherwise requires:

"Act" means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented to apply to obligations incurred as of the Closing Date.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

"Approved Institutional Buyer" means (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the date hereof (the "Securities Act"); (b) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the Bank (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

"Assignment of Deed of Trust" means that certain Assignment of Deed of Trust and Related Documents, dated as of September 1, 2016, executed by Governmental Lender in favor of Bank.

"Bank" means MUFG Union Bank, N.A., and its successors and assigns.

"Borrower" means Riviera Family Apartments, L.P., a California limited partnership, and its successors and assigns under the Borrower Loan Documents and the Regulatory Agreements.

"Borrower Loan" means the loan made by the Governmental Lender to the Borrower pursuant to the terms of the Borrower Loan Agreement and evidenced by the Borrower Notes.

“Borrower Loan Agreement” means that certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program), dated September 1, 2016, by and among the Borrower, the Governmental Lender and Bank, as amended and supplemented from time to time, pursuant to which the Borrower Loan is being made.

“Borrower Loan Documents” shall have the meaning ascribed in it in the Borrower Loan Agreement.

“Borrower Notes” means, collectively, (a) that certain Promissory Note A-1-Tax-Exempt (Multifamily Housing Back to Back Loan Program), dated September 1, 2016, in the initial principal amount of \$_____, (b) that certain Promissory Note A-2-Tax-Exempt (Multifamily Housing Back to Back Loan Program), dated September 1, 2016, in the initial principal amount of \$_____, and (c) that certain Promissory Note A-T-Taxable (Multifamily Housing Back to Back Loan Program), dated September 1, 2016, in the initial principal amount of \$_____, together evidencing the Borrower Loan, each executed by the Borrower in favor of Governmental Lender.

“Borrower Representative” means the Executive Director of the sole member and manager of the general partner of the Borrower, or any other officer of the sole member and manager of the general partner of the Borrower designated by the President and CEO of the sole member and manager of the general partner of the Borrower to be a Borrower Representative for purposes of the Borrower Loan Documents.

“Business Day” means a day other than a Saturday or Sunday on which the Bank is open for business for the funding of corporate loans.

“CDLAC” means the California Debt Limit Allocation Committee, or any successor thereto.

“Closing Date” means September __, 2016, being the date of issuance of the Funding Loan Notes for purposes of the Code.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Funding Loan Note and (except as otherwise referenced herein) as it may be amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Control” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“County” means the County of Contra Costa, California.

“Deed of Trust” means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed) (Multifamily Housing Back to Back Loan Program), dated as of September 1, 2016, executed by the Borrower, as trustor, and granting a security interest in the Development to the deed of trust trustee identified therein for the benefit of the Governmental Lender and Bank to secure the Borrower’s obligations under the Borrower Notes to repay the Borrower Loan, and all obligations related thereto under the Borrower Loan Agreement.

“Development” means, collectively, the 30 units of multifamily rental housing to be located at 1515 Riviera Avenue, and the 28 units of multifamily rental housing to be located at 1738 Riviera Avenue, each in the City of Walnut Creek, California known together as Riviera Family Apartments, and including structures, buildings, fixtures or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the sites described in the Deed of Trust.

“Event of Default” means any of the events described as an event of default in Section 9.1 hereof.

“Funding Loan” means, collectively, the three loans originated hereunder by the Bank to the Governmental Lender evidenced by the Funding Loan Notes, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of the Borrower Loan Agreement.

“Funding Loan Agreement” means this Funding Loan Agreement, as amended and supplemented from time to time.

“Funding Loan Documents” means this Funding Loan Agreement, the Funding Loan Notes, the Borrower Loan Agreement, the Regulatory Agreements, the Tax Certificate and the Assignment of Deed of Trust.

“Funding Loan Notes” means, collectively, Promissory Note C-1, Promissory Note C-2 and Promissory Note C-3.

“Governmental Lender” means the County of Contra Costa, California, and its successors and assigns.

“Person” shall mean an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a limited partnership, a trust, an unincorporated organization or a governmental body or any agency or political subdivision thereof.

“Promissory Note C-1” means the promissory note executed by the Governmental Lender in favor of the Bank, in the initial principal amount of \$_____, in the form attached hereto as Exhibit A-1.

"Promissory Note C-2" means the promissory note executed by the Governmental Lender in favor of the Bank, in the initial principal amount of \$_____, in the form attached hereto as Exhibit A-2.

"Promissory Note C-3" means the promissory note executed by the Governmental Lender in favor of the Bank, in the initial principal amount of \$_____, in the form attached hereto as Exhibit A-3.

"Regulations" means the tax regulations promulgated by the United States Department of the Treasury from time to time pursuant to the Code.

"Regulatory Agreements" means, collectively (a) that Regulatory Agreements and Declaration of Restrictive Covenants, dated as of September 1, 2016, by and between the Governmental Lender and the Borrower, pertaining to the 30 rental housing units to be located at 1515 Riviera Avenue, as it may be amended and supplemented from time to time in accordance with its terms, and (b) that Regulatory Agreements and Declaration of Restrictive Covenants, dated as of September 1, 2016, by and between the Governmental Lender and the Borrower, pertaining to the 28 rental housing units to be located at 1738 Riviera Avenue, as it may be amended and supplemented from time to time in accordance with its terms.

"Reserved Rights" means the Governmental Lender's rights to enforce and receive payments of money directly and for its own purposes under Exhibit "C" to, and Sections 7.24, 7.27, 7.29 and 11.4 (solely as such Sections relate to the Governmental Lender) of the Borrower Loan Agreement, the Governmental Lender's rights to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to enforce the Borrower's covenants in the Regulatory Agreements and the Borrower's covenants in the Borrower Loan Agreement to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Governmental Lender), the Governmental Lender's right to receive notices and to grant or withhold consents or waivers under the Regulatory Agreements and this Funding Loan Agreement, its rights to indemnification by the Borrower under Section 7.24 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreements, and its rights regarding amendments to this Funding Loan Agreement and the Regulatory Agreements, and to the provisions of the Borrower Loan Agreement in which it has Reserved Rights as described in this definition, all in accordance with the provisions hereof, of the Regulatory Agreements and of the Borrower Loan Agreement, respectively.

"Security" shall have the meaning ascribed to it in Section 7.1.

"State" means the State of California.

"Tax Certificate" means the Certificate as to Arbitrage of the Borrower and the Governmental Lender dated the Closing Date.

"Tax Counsel" means (a) Quint & Thimmig LLP, or (b) any attorney at law or other firm of attorneys selected by the Borrower and acceptable to the Governmental Lender and the Bank of nationally recognized standing in matters pertaining to the federal tax status of interest on

tax exempt obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

2. “Tax-Exempt Notes” means, collectively, Promissory Note C-1 and Promissory Note C-

1.2 Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Funding Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

1.3 Recitals, Titles and Headings. The terms and phrases used in the recitals of this Funding Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Funding Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Funding Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Funding Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Governmental Lender. The Governmental Lender makes the following representations and warranties:

(a) The Governmental Lender is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State.

(b) Under the provisions of the Act, the Governmental Lender has the power, and has taken all official actions necessary (i) to enter into the Funding Loan Documents to which it is a party, or (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate all other transactions on its part contemplated by this Funding Loan Agreement.

(c) The Funding Loan Documents to which the Governmental Lender is a party have been duly executed and delivered by the Governmental Lender and the Governmental Lender has taken such actions as are necessary to cause the Funding Loan Documents to which it is a party, when executed by the other respective parties thereto, to be valid and binding limited obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as

limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally.

(d) The execution and delivery of Funding Loan Documents to which it is a party, the performance by the Governmental Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby, will not violate any law, rule, regulation or ordinance or any order, judgment or decree of any federal, state or local court, and do not conflict with, or constitute a breach of, or a default under the terms and conditions of any agreement, instrument or commitment to which the Governmental Lender is a party or by which the Governmental Lender or any of its property is bound.

(e) The Governmental Lender has not been served with any action, suit, proceeding, inquiry or investigation or, to the knowledge of the Governmental Lender, no action, suit, proceeding, inquiry or investigation is threatened against the Governmental Lender by or before any court, governmental agency or public board or body which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any members of the Board of Supervisors of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party, or the loaning of the Funding Loan as herein set forth; (iii) affects or questions the validity or enforceability of the Funding Loan Documents; or (iv) questions the power or authority of the Governmental Lender to carry out the transactions on its part contemplated by the Funding Loan Documents.

(f) The revenues and receipts to be derived from the Borrower Loan Agreement and the Borrower Notes have not been pledged by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan evidenced by the Funding Loan Note.

(g) The Governmental Lender will not create, authorize or approve any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

(h) The Governmental Lender has applied the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Tax-Exempt Notes; and, in connection therewith, has included the information on Form 8038 filed for the Tax-Exempt Notes that is required by section 3.03 of said Notice.

Nothing in this Funding Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Development other than the proceeds of the Funding Loan, or to provide sufficient moneys for all of the costs of the Development.

2.2 Representations, Warranties and Covenants of the Bank. The Bank as of the date hereof, represents, warrants and covenants that:

(a) The Bank is a national banking association, organized and existing under the laws of the United States and has full legal right, power and authority under the laws of the United States (i) to enter into this Funding Loan Agreement and the Borrower Loan Agreement, (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate the transactions on its part contemplated by this Funding Loan Agreement and the Borrower Loan Agreement.

(b) This Funding Loan Agreement and the Borrower Loan Agreement have been duly executed and delivered by the Bank and, when executed by the Governmental Lender and Borrower, as applicable, will constitute valid and binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

(c) The execution and delivery of this Funding Loan Agreement and the Borrower Loan Agreement, the performance by the Bank of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Bank is a party or by which the Bank or any of its property is bound.

(d) The Bank has not been served with and, to the knowledge of the Bank, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Bank which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Governmental Lender or the execution and delivery of this Funding Loan Agreement and the Borrower Loan Agreement, (ii) affects or questions the validity or enforceability of this Funding Loan Agreement or the Borrower Loan Agreement, or (iii) questions the power or authority of the Bank to carry out the transactions on its part contemplated by, or to perform its obligations under, this Funding Loan Agreement and the Borrower Loan Agreement.

(e) Any certificate for the benefit of Governmental Lender signed by a representative of the Bank and delivered pursuant to this Funding Loan Agreement, the other Funding Loan Documents or the Borrower Loan Agreement shall be deemed a representation and warranty by the Bank as to the statements made therein.

ARTICLE III

THE FUNDING LOAN

3.1 Closing of the Funding Loan. The closing of the Funding Loan shall not occur until the following conditions are met:

(a) the Bank shall have received an original executed counterpart of this Funding Loan Agreement, the Funding Loan Note, the Assignment of Deed of Trust, the Regulatory Agreements, the Deed of Trust, the original of each of the Borrower Notes endorsed by the Governmental Lender to the Bank, and all of the other Borrower Loan Documents;

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Funding Loan Agreement shall have occurred;

(c) the conditions to the closing of the Borrower Loan, the issuance of the Borrower Notes and the initial disbursement of the Borrower Loan as set forth in Sections 4.1, 4.2 (including, but not limited to, Sections 4.2.2, 4.2.3, 4.2.6(a), 4.2.6(b), and 4.2.9), and 5.1.1 of the Borrower Loan Agreement, shall have been satisfied in full;

(d) counsel to the Borrower shall have delivered an opinion in form satisfactory to the Governmental Lender and the Bank regarding the enforceability against the Borrower of the Borrower Loan Documents to which the Borrower is a party;

(e) the initial owner of the Funding Loan Notes shall have executed and delivered a letter in respect of each of the Funding Loan Notes in the form of Exhibit B hereto; and

(f) all legal matters incident to the transactions contemplated by this Funding Loan Agreement shall be concluded to the reasonable satisfaction of Tax Counsel, counsel to the Governmental Lender and counsel to the Bank.

3.2 Commitment to Execute the Funding Loan Notes. The Governmental Lender agrees to execute and deliver the Funding Loan Notes simultaneously with the execution of this Funding Loan Agreement, the Borrower Loan Agreement, the Borrower Notes, the Tax Certificate and the Regulatory Agreements.

3.3 Amount and Source of Funding Loan. The Bank hereby makes to the Governmental Lender and agrees to fund, and the Governmental Lender hereby accepts from the Bank, upon the terms and conditions set forth herein, the Funding Loan in an aggregate principal amount of up to \$_____, and agrees to have the proceeds of the Funding Loan applied and disbursed in accordance with the provisions of this Funding Loan Agreement.

Notwithstanding the foregoing or any other provision of the Funding Loan Documents, in no event shall the portion of the principal of the Funding Loan evidenced by Promissory

Note C-1 exceed \$_____, in no event shall the portion of the principal of the Funding Loan evidenced by Promissory Note C-2 exceed \$_____, and in no event shall the portion of the principal of the Funding Loan evidenced by Promissory Note C-3 exceed \$_____.

3.4 Disbursement of Funding Loan Proceeds.

(a) The Bank and the Governmental Lender hereby authorize and direct the funding and disbursement by the Bank of the initial principal amount of the Funding Loan in the amount of \$_____ on the Closing Date, subject to the satisfaction of all the conditions specified in Section 3.1 above. On the date of execution and delivery of the Funding Loan Notes, and the date of execution and delivery of the Borrower Notes, such initial proceeds of the Funding Loan shall be disbursed by the Bank, on behalf of the Governmental Lender, to fund the Borrower Loan under and as provided in Section 5.1.2 of the Borrower Loan Agreement.

The principal of the Funding Loan funded pursuant to the preceding paragraph shall be deemed to be an advance of \$_____ of the principal of Promissory Note C-1, \$_____ of the principal of Promissory Note C-2 and \$_____ of the principal of Promissory Note C-3, and shall be used to fund the corresponding Borrower Notes in the same respective principal amounts.

(b) The Bank and the Governmental Lender hereby authorize and direct the funding and disbursement of the remaining principal amount of the Funding Loan (not referenced in Section 3.4(a) above) by the Bank, on behalf of the Governmental Lender, to fund the remaining principal of the Borrower Loan under and as provided in, and subject to the provisions of, Section 5 of the Borrower Loan Agreement (other than Section 5.1.1).

(c) Neither the Bank nor the Governmental Lender shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.4.

(d) From and after the earlier of (i) the Conversion Date (as defined in the Borrower Loan Agreement), or (ii) the date which is three years after the Closing Date, no further advances of the Funding Loan shall occur.

(e) The Bank shall maintain a ledger indicating amounts advanced on the Funding Loan and the outstanding principal amount of each of the Funding Loan Notes; and, absent manifest error, such ledger shall be conclusive evidence of the amounts so advanced and the outstanding principal amounts of the respective Funding Loan Notes. The Bank shall provide, upon written request of the Governmental Lender, a written notice to the Governmental Lender describing the date of each disbursement of the Funding Loan, the amount of each disbursement thereof made by Bank, and the respective Funding Loan Note to which each disbursement pertained.

ARTICLE IV

LIMITED LIABILITY; NOTE REGISTER

4.1 Limited Liability. All obligations and any liability of the Governmental Lender hereunder, under the Funding Loan Notes, under the other Funding Loan Documents and under the Borrower Loan Documents shall be limited, special obligations of the Governmental Lender, payable solely and only from amounts received from the Borrower under the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents, as further described in Article V hereof. Neither the Governmental Lender nor the State or any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Funding Loan or to satisfy any other monetary obligations of the Governmental Lender under the Funding Loan Documents, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The repayment of the Funding Loan is not secured by a pledge of the faith and credit of the Governmental Lender or the State or any of its political subdivisions nor does the Funding Loan constitute indebtedness within the meaning of any constitutional or statutory debt limitation.

4.2 Note Register. Each of the Funding Loan Notes shall be in fully registered form. The Bank shall maintain records (the "Note Register") as to the owner of each of the Funding Loan Notes. Any transfer by the Bank of its ownership of a Funding Loan Note (or by any subsequent transferee of a Funding Loan Note) shall be recorded by the Bank in the Note Register.

4.3 Transfers of Funding Loan Notes.

(a) A Funding Loan Note and the corresponding principal amount of the Funding Loan may, in accordance with the terms of this Funding Loan Agreement but in any event subject to the provisions of Section 4.3(b) and (c) hereof, be transferred by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the respective Funding Loan Note for cancellation at the office of the Governmental Lender, accompanied by a written instrument of transfer in a form acceptable to the Governmental Lender, duly executed. Whenever a Funding Loan Note shall be surrendered for transfer, the Governmental Lender shall execute and deliver to the transferee thereof a new Funding Loan Note of the same series in the name of the transferee as beneficiary thereof.

(b) Notwithstanding any other provision hereof, a Funding Loan Note may not be registered in the name of, or transferred to, any person except an Approved Institutional Buyer that executes and delivers to the Governmental Lender and the Bank a letter substantially in the form attached hereto as Exhibit B; provided, however, that no such letter is required to be executed in connection with a transfer of a Funding Loan Note to an Affiliate of the Bank.

Nothing contained in this Section 4.3(b) shall be deemed to limit or otherwise restrict the sale by any owner of a Funding Loan Note of any participation interests in the respective Funding Loan Note; provided that (i) such owner shall remain the owner of record in the Note Register of the respective Funding Loan Note following the sale of any such participation

interest; (ii) the purchaser of the participation interest is an Approved Institutional Buyer; (iii) any such participation shall be in a principal amount of at least \$250,000 or, if less, the then outstanding principal amount of the respective Funding Loan Note; and (iv) the purchaser of such participation interest shall provide a letter to the Governmental Lender and the Bank substantially in the form of Exhibit B hereto.

(c) Each Funding Loan Note may only be transferred in whole.

(d) The Governmental Lender may require the payment by the entity requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer. The cost of printing any new Funding Loan Note and any services rendered or any out-of-pocket expenses incurred by the Governmental Lender in connection therewith shall be paid by the transferor of the respective Funding Loan Note.

(e) The Bank shall indemnify and defend the Governmental Lender against any claim brought by any transferor or transferee of a Funding Loan Note in respect of the Borrower Loan Documents in the event that the Bank permits a transfer of a Funding Loan Note in violation of the restrictions in Sections 4.3(b) and (c) above.

ARTICLE V

REPAYMENT OF THE FUNDING LOAN

5.1 Funding Loan Repayment.

(a) The Funding Loan shall be evidenced by the Funding Loan Notes which shall be executed by the Governmental Lender in the respective forms attached hereto as Exhibits A-1, A-2 and A-3. The Governmental Lender agrees to pay to the Bank, but only from amounts received by the Governmental Lender (or the Bank, in its capacity as agent for the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents, principal of and interest on the Funding Loan at the times, in the manner, in the amount and as provided in the respective Funding Loan Notes and this Funding Loan Agreement.

Interest on Promissory Note C-1 shall be paid at the same rate, on the same dates and in the same amounts as the interest payable on the Borrower Note referred to in clause (a) of the definition of Borrower Notes in Section 1.1. The payment or prepayment of principal of or premium, if any, on Promissory Note C-1 shall be identical with and shall be made on the same terms and conditions as the principal of or premium, if any, on the Borrower Note referenced in clause (a) of the definition of Borrower Note in Section 1.1. Any payment by the Borrower of principal and interest or premium, if any, on such Borrower Note shall be deemed to be like payments or prepayments of principal and interest or premium, if any, on Promissory Note C-1.

Interest on Promissory Note C-2 shall be paid at the same rate, on the same dates and in the same amounts as the interest payable on the Borrower Note referred to in clause (b) of the definition of Borrower Notes in Section 1.1. The payment or prepayment of principal of or premium, if any, on Promissory Note C-2 shall be identical with and shall be made on the same

terms and conditions as the principal of or premium, if any, on the Borrower Note referenced in clause (b) of the definition of Borrower Note in Section 1.1. Any payment by the Borrower of principal and interest or premium, if any, on such Borrower Note shall be deemed to be like payments or prepayments of principal and interest or premium, if any, on Promissory Note C-2.

Interest on Promissory Note C-3 shall be paid at the same rate, on the same dates and in the same amounts as the interest payable on the Borrower Note referred to in clause (c) of the definition of Borrower Notes in Section 1.1. The payment or prepayment of principal of or premium, if any, on Promissory Note C-3 shall be identical with and shall be made on the same terms and conditions as the principal of or premium, if any, on the Borrower Note referenced in clause (c) of the definition of Borrower Note in Section 1.1. Any payment by the Borrower of principal and interest or premium, if any, on such Borrower Note shall be deemed to be like payments or prepayments of principal and interest or premium, if any, on Promissory Note C-3.

(b) The Governmental Lender further agrees to cause the Borrower to pay, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank and appointment of the Bank as agent for the Governmental Lender under this Funding Loan Agreement, all late charges and prepayment penalties as set forth in the Funding Loan Notes, all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Development, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Governmental Lender reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Development and the Governmental Lender's obligations hereunder will be limited as provided in Sections 4.1, 5.2 and 6.14 hereof.

(c) The Governmental Lender further agrees, subject to Sections 4.1, 5.2 and 6.14 hereof, to cause the Borrower to pay to the Bank, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank and appointment of the Bank as agent for the Governmental Lender under this Funding Loan Agreement, on the Closing Date a loan fee equal to \$_____.

5.2 Nature of the Governmental Lender's Obligations. The Governmental Lender shall repay the Funding Loan Notes, but only from amounts received by the Governmental Lender or the Bank (in its capacity as assignee of the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the corresponding Borrower Notes and the other Borrower Loan Documents, pursuant to the terms of the Funding Loan Notes irrespective of any rights of set-off, recoupment or counterclaim the Governmental Lender might otherwise have against the Bank or any other person. The Governmental Lender will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Funding Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the acquisition, rehabilitation or operation of any of the Development; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Funding Loan or any of the Development; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the Governmental Lender or

the Bank to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Funding Loan Notes; it being the intention of the parties that, as long as any of the Funding Loan Notes or any portion of any thereof remains outstanding and unpaid, the Governmental Lender shall be obliged to repay the Funding Loan, but only from amounts received by the Governmental Lender or the Bank (in its capacity as assignee of the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents. This Section 5.2 shall not be construed to release the Governmental Lender from any of its obligations hereunder, or, except as provided in this Section 5.2, to prevent or restrict the Governmental Lender from asserting any rights which it may have against the Bank under the Funding Loan Notes or under any provision of law or to prevent or restrict the Governmental Lender from prosecuting or defending any action or proceeding by or against the Bank or the Borrower or taking any other action to protect or secure its rights, or to prevent or restrict the Bank from asserting any rights which it may have against the Borrower.

Notwithstanding the foregoing, neither the members of the Board of Supervisors of the Governmental Lender nor the officers or agents of the Governmental Lender shall be personally liable for the amounts owing under this Funding Loan Agreement, the Funding Loan Notes or any of the other Funding Loan Documents; and the Bank's remedies in the event of a default under the Funding Loan shall be limited to those remedies set forth in Section 9.3 hereof and, if a default also exists under the Borrower Loan Agreement or the Borrower Notes, to commence foreclosure under Deed of Trust and the other Borrower Loan Documents and the exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under a Funding Loan Note, the Bank shall not have the right to proceed directly against the Governmental Lender or the right to obtain a deficiency judgment from the Governmental Lender after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Governmental Lender or Bank may have against the Borrower.

ARTICLE VI

FURTHER AGREEMENTS

6.1 Successor to the Governmental Lender. The Governmental Lender will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

6.2 Additional Instruments. The Governmental Lender hereby covenants to execute and deliver, or cause to be executed and delivered, at the expense of the Borrower, such additional instruments and to perform such additional acts, or cause the performance of such additional acts, as may be necessary, in the written opinion of the Bank, acting in good faith, to carry out the intent of this Funding Loan Agreement and the Funding Loan Notes or to perfect or give further assurances of any of the rights granted, or provided for in this Funding Loan Agreement, the Assignment of Deed of Trust or the other Funding Loan Documents.

6.3 Books and Records. The Governmental Lender shall, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank, and subject to the

provisions of Sections 4.1, 5.2 and 6.14 hereof, cause the Borrower to permit the Bank or its duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Borrower Loan and the Development, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Governmental Lender, the Bank and their duly authorized representatives, and at the sole expense of the Borrower.

6.4 Notice of Certain Events. The Governmental Lender hereby covenants to advise the Bank promptly in writing of the occurrence of any Event of Default under and as defined in the Borrower Loan Agreement, Regulatory Agreements or the other Funding Loan Documents of which it has received written notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default thereunder of which it has received written notice, in each case by transmitting to the Bank a copy of the notice of such Event of Default or event received by the Governmental Lender. In Section 7.23 of the Borrower Loan Agreement, the Borrower has agreed to advise the Governmental Lender and the Bank promptly in writing of the occurrence of any Event of Default (as defined in the Borrower Loan Agreement).

6.5 Compliance with Usury Laws. Notwithstanding any other provision of this Funding Loan Agreement, it is agreed and understood that in no event shall this Funding Loan Agreement, with respect to the Funding Loan Notes, be construed as requiring the Governmental Lender or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Funding Loan Agreement and the Funding Loan Notes in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of a Funding Loan Note, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Funding Loan Agreement and the Funding Loan Note or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount then owing on the related Funding Loan Note.

The provisions of this Section prevail over any other provision of this Funding Loan Agreement.

6.6 No Reliance on Governmental Lender. In entering into this Funding Loan Agreement and the Borrower Loan Agreement, the Bank has not looked to, or expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Development (including the financing or management thereof) or any other matter pertaining to the merits or risks of the transactions contemplated by this Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Bank to secure repayment of the Funding Loan Notes. The Governmental Lender has made no representations to any party relating to the Borrower, the Development, the Borrower Loan or the security or sources of payment therefor, except as expressly stated in this Funding Loan Agreement, the Borrower Loan Agreement, the Tax Certificate, Assignment of Deed of Trust and the Regulatory Agreements.

6.7 No Arbitrage. Solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, the Governmental Lender shall not take nor permit nor suffer to be taken, any action with respect to the proceeds of Tax-Exempt Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused either of the Tax-Exempt Notes to be an “arbitrage bond” within the meaning of section 148 of the Code and the Regulations promulgated thereunder. The Governmental Lender covenants, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, to cause the Borrower to rebate to the United States Treasury any amounts which are required to be rebated thereto pursuant to the Code and any regulations promulgated thereunder with respect to the portion of the Funding Loan evidenced by the Tax-Exempt Notes, and the Borrower shall cause payment of an amount equal to excess investment earnings with respect to such portion of the Funding Loan to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

6.8 Limitation on Issuance Costs. The Governmental Lender shall assure, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, that, from the proceeds of the Tax-Exempt Notes received from the Bank and investment earnings thereon, an amount not in excess of two percent (2%) of the amount of such amount advanced by the Bank shall be used to pay for, or provide for the payment of costs associated with the issuance, execution and delivery of the Tax-Exempt Notes. For this purpose, if the fees of the Bank are retained as a discount on the purchase of a Tax-Exempt Note, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Note for said fees.

6.9 Federal Guarantee Prohibition. The Governmental Lender shall take no action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, permit nor suffer any action to be taken if the result of the same would be to cause either of the Tax-Exempt Notes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

6.10 Prohibited Facilities. The Governmental Lender, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, shall assure that no portion of the proceeds of the Tax-Exempt Notes shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. The Governmental Lender, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, shall assure that no portion of the proceeds of the Tax-Exempt Notes shall be used for an office unless the office is located on the premises of the facilities constituting a portion of the Development and unless not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of one or more of the Development.

6.11 Use Covenant. Solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, the Governmental Lender shall not use or knowingly permit the use of any proceeds of Tax-Exempt Notes or any other funds of the Governmental Lender, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in either of the Tax-Exempt Notes not meeting the requirements of Section 142(d) of the Code as applicable to the Development.

6.12 Limitation of Expenditure of Proceeds. The Governmental Lender shall assure, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, that not less than 97 percent of the amount advanced on the Tax-Exempt Notes, plus premium (if any) paid on the purchase of the Tax-Exempt Notes by the original purchaser thereof from the Governmental Lender, less any original discount, are used for Qualified Project Costs (as defined in the Regulatory Agreements) and that less than 25 percent of such amount is used for land or an interest in land.

6.13 Tax-Exempt Status of Tax-Exempt Notes. The Governmental Lender covenants to and for the benefit of the Bank that, notwithstanding any other provisions of this Funding Loan Agreement or any other instrument, it will:

(a) not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions expressly required of it under this Funding Loan Agreement, which would cause the interest payable on the Tax-Exempt Notes to be includable in gross income for federal income tax purposes;

(b) whenever and so often as requested by Bank, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessarily desirable in order to assure the interest paid by the Governmental Lender on the Tax-Exempt Notes will be excluded from the gross income of the owner of the Tax-Exempt Notes for federal income tax purposes pursuant to Section 103 of the Code, except in the event where any owner of a Tax-Exempt Note is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code; and

(c) not knowingly take any action nor, solely in reliance of the covenants and representations of the Borrower in the Borrower Loan Agreement, the Regulatory Agreements and the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code of the Regulations.

For purposes of this Section 6.13 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Bank or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on an opinion of Tax Counsel.

6.14 Immunities and Limitations of Responsibility of Governmental Lender.

(a) The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any written or other document furnished to it hereunder or under the Borrower Loan Agreement and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Governmental Lender shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Funding Loan Documents unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the maximum rate of interest permitted under applicable law, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b) A default by the Borrower in any of its covenants, representations and agreements in the Borrower Loan Agreement, Regulatory Agreements or Tax Certificate on which the Governmental Lender is relying in the various sections of this Article VI shall not be considered a default hereunder by the Governmental Lender.

(c) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 7.24 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreements. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

ARTICLE VII

SECURITY

7.1 Security for the Funding Loan. To secure the payment of the Funding Loan and the Funding Loan Notes, the Governmental Lender hereby grants, bargains, sells, conveys, assigns, transfers, hypothecates, pledges and sets over to the Bank (excepting only the Reserved Rights) a lien on and security interest in the following described property (collectively, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower

relating to the Development and including, without limitation, all income, revenues, proceeds and other amounts to which Governmental Lender is entitled to derive from or in connection with the Development and the Borrower Loan Documents, including all amounts due under the Borrower Loan Agreement, the Borrower Notes or the other Borrower Loan Documents and all amounts obtained after the exercise of the remedies provided in the Borrower Loan Documents and all receipts credited under the provisions of the Borrower Loan Agreement against said amounts payable;

(b) All right, title and interest of the Governmental Lender in, to and under the other Borrower Loan Documents, together with all rights, remedies, privileges and options pertaining to, the Borrower Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Documents;

(c) All right, title and interest of the Governmental Lender in and to (i) the right to collect and receive net proceeds of any policy of insurance maintained pursuant to the Borrower Loan Documents; (ii) any award or payment becoming payable to Governmental Lender under the Borrower Loan Documents by reason of any condemnation of the Development, any improvements located thereon or any conveyance in lieu of condemnation; and (iii) any bankruptcy, insolvency, reorganization or condemnation proceeding involving the Borrower or any Loan Party (as defined in the Borrower Loan Agreement) with respect to the Borrower Loan Documents; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subject to the lien of this Funding Loan Agreement as additional security by Governmental Lender or anyone on its part or with its consent or which pursuant to any of the provisions hereof or the Borrower Loan Documents may come into the possession or control of the Bank.

The pledge and assignment of the security interest granted in the Security pursuant to this Section 7.1 for the payment of principal of, premium, if any, and interest on the Funding Loan Note, in accordance with its terms and provisions and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Funding Loan Notes by the Governmental Lender. The Security so pledged and/or thereafter received by Governmental Lender or the Bank shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind whether in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

7.2 Delivery of Security. In connection with such pledge, assignment, transfer and conveyance of the Security pursuant to Section 7.1, Governmental Lender shall deliver to Bank the following documents or instruments promptly following the execution and, to the extent applicable, their recordation or filing:

(a) The Borrower Notes endorsed without recourse to the Bank by the Governmental Lender;

(b) The Borrower Loan Agreement, Regulatory Agreements, Deed of Trust and the other Borrower Loan Documents existing on the Closing Date and the Assignment of Deed of Trust assigning for security purposes and without recourse the Deed of Trust and Borrower Loan Documents from the Governmental Lender to the Bank;

(c) Uniform Commercial Code financing statements or other chattel security documents giving notice of Bank's status as an assignee of the Governmental Lender's security interest in any personal property forming a part of any of the Development; and

(d) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement, in forms provided by the Bank.

The Governmental Lender shall deliver and deposit with the Bank such additional documents, financing statements and instruments as the Bank may reasonably request in writing from time to time for the purpose of better perfecting and assuring to the Bank its lien and security interest in and to the Security in each case in forms provided by the Bank and at the expense of the Borrower.

ARTICLE VIII

AGENCY

8.1 Appointment of Bank as Agent. The Governmental Lender hereby irrevocably appoints the Bank as its agent with full authority and power to act on its behalf for the purposes set forth herein and to do all other acts necessary or incidental to the performance and execution thereof, except for the Reserved Rights.

8.2 Authority of the Bank. The Bank is authorized and agrees to advance monies on behalf of the Governmental Lender to fund the Borrower Loan upon satisfaction of the conditions set forth in the Borrower Loan Agreement and otherwise to act on behalf of the Governmental Lender under the Borrower Loan Documents, except for the Reserved Rights. Except for the Reserved Rights, the Bank is hereby authorized, directed and empowered to exercise all the rights, powers or remedies of the Governmental Lender under the Borrower Loan Agreement and the other Borrower Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice or consultation with, or consent or authorization by, the Governmental Lender, and all actions taken by the Bank under the Borrower Loan Agreement or any of the other Borrower Loan Documents shall be valid and shall have the same force and effect, as if taken by the Governmental Lender. The Bank shall have the right to exercise any rights, remedies, conferred on the Governmental Lender pursuant to the Borrower Loan Documents (except for the Reserved Rights) as may be necessary or convenient to (i) enforce the payment of any amounts owing by Borrower under the Borrower Loan Documents and prepayments thereof, or (ii)

otherwise to protect the interest of the Governmental Lender or Bank upon a default by Borrower under the Borrower Loan Documents. The Bank agrees to provide the Governmental Lender any notices given by it or delivered to it pursuant to the Borrower Loan Agreement regarding the occurrence of an Event of Default (as defined in the Borrower Loan Agreement), the acceleration of the Borrower Loan or the foreclosure of the Deed of Trust and shall provide written notice to Governmental Lender of any amendment to the Borrower Notes or the Borrower Loan Agreement. The Bank shall have the right to collect all payments and other amounts received by the Governmental Lender from or on behalf of the Borrower pursuant to the Borrower Loan Agreement or the other Borrower Loan Documents, including prepayments thereof, except for payments of amounts owing by the Borrower to the Governmental Lender in respect of the Reserved Rights.

8.3 Successor Agent. Anything herein to the contrary notwithstanding, any corporation or association into which the Bank may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become the Bank hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

8.4 Consent to Assignment. The Governmental Lender agrees that Bank shall have the right to assign all of its rights under this Agreement, and under all instruments and documents executed by the Governmental Lender pursuant to this Agreement, to an Affiliate of Bank, or to a subsequent owner of all of the Funding Loan Note and the Funding Loan as permitted under Section 4.3. The Bank will advise the Governmental Lender in writing of any such assignment and the Governmental Lender will execute and deliver to Bank any documents (at the expense of the Bank) necessary to effectuate such assignment in forms provided by the Bank, and will not take any action to impair Bank's right to assign such rights pursuant to this Section.

8.5 Power of Attorney. The Governmental Lender hereby irrevocably makes, constitutes and appoints the Bank (and any of the Bank's officers, employees or agents, as appropriate and as designated by the Bank) as the Governmental Lender's true and lawful attorney-in-fact with full power of substitution, subject to the Reserved Rights, to (a) sign in the name of the Governmental Lender any assignments, notices of default, notices of election to sell, assignments and substitutions of trustee or similar documents necessary or appropriate to enforce the remedies of the Governmental Lender under the Borrower Loan Agreement, the Borrower Notes, the Deed of Trust or any of the other Borrower Loan Documents, including complaints, motions and any other pleadings necessary to secure the appointment of a receiver under the Deed of Trust, (b) to appear in any bankruptcy, insolvency, reorganization, condemnation or other action or proceeding, and (c) to prepare applications for, negotiate and settle claims, and collect any distribution, award or other amount becoming payable through or as the result of (i) any such proceedings, (ii) any insured or uninsured casualty loss, or (iii) any condemnation, taking or conveyance in lieu of condemnation of any of the assets that are the subject of the Borrower Loan Agreement, the Borrower Notes, the Deed of Trust or the other Borrower Loan Documents. The power of attorney granted by the Governmental Lender to the

Bank hereunder, being coupled with the Bank's interest in the Funding Loan, is irrevocable until all of the obligations of Governmental Lender under the Funding Loan Note have been satisfied and discharged in full.

8.6 Acceptance. The Bank hereby accepts the assignments and pledge made herein for the purpose of securing the payments due pursuant to the Funding Loan Agreement.

8.7 Conditions. This Article VIII shall confer no obligations or impose no duties upon the Bank beyond those expressly provided in this Funding Loan Agreement and the Borrower Loan Agreement. This Article VIII shall confer no obligations or impose no duties upon the Governmental Lender beyond those expressly provided in this Funding Loan Agreement.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default. Each of the following shall be an "Event of Default":

(a) The Governmental Lender shall fail to perform or observe any of its covenants or agreements contained in this Funding Loan Agreement or the Funding Loan Notes including the failure to pay any installment of interest or principal under a Funding Loan Note, and such failure shall continue during and after the period specified in Section 9.2; or

(b) Any representation or warranty of the Governmental Lender hereunder shall be determined by the Bank to have been false in any material respect when made; or

(c) The Borrower shall fail to pay to the Governmental Lender when due the amounts required to be paid under the Borrower Loan Agreement or the Borrower Notes, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency receivership, liquidation or similar proceedings after the expiration of any curative provision contained therein; or

(d) the occurrence of any other Event of Default under and as defined in the Borrower Loan Agreement.

9.2 Notice of Default; Opportunity to Cure. No default under Section 9.1 hereof shall constitute an Event of Default until:

(a) The Governmental Lender by registered or certified mail, shall have received notice of such default specifying the same and stating that such notice is a "Notice of Default"; and

(b) With respect to an event described in Section 9.1(a) only, the Governmental Lender shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, that if the default stated in the notice is of such

a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as (i) the Governmental Lender or the Borrower institutes corrective action within said 30 days, and diligently pursues such action until the default is corrected, but in no event later than 60 days after the occurrence of such Event of Default, and (ii) in the opinion of the Tax Counsel to the Governmental Lender, the failure to cure said default within 30 days will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Notes. The Governmental Lender may, but shall not in any way be required to, correct a default on behalf of the Borrower under the Borrower Loan Agreement or a Borrower Note.

9.3 Remedies. Whenever any Event of Default under Section 9.1 hereof shall have happened and be continuing, the Bank may take whatever remedial steps as may be allowed under the law, this Funding Loan Agreement and the other Funding Loan Documents. Upon the occurrence of an Event of Default, the Bank may (i) by notice in writing to the Governmental Lender, declare the principal of all the Funding Loan Notes then outstanding, and the interest accrued and premium thereon, to be due and payable immediately, upon any such declaration the same shall become and shall be immediately due and payable, anything in this Funding Loan Agreement or in the Funding Loan Notes contained to be contrary notwithstanding, and/or (ii) pursue such other remedies as are permitted under applicable law, subject in any event to the provisions of Sections 4.1, 5.2 and 6.14 hereof. Upon the occurrence and during the continuance of an Event of Default, Bank shall have all rights, powers and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Bank may proceed at law or in equity or otherwise, to the extent permitted by applicable law: (a) to take possession of the Security or any part thereof, with or without legal process, and to hold, service and administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited) the sale of all or any part of the Security; (b) to become mortgagee of record for the Borrower Loan; (c) to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, to take such alternate courses of action, as it may deem appropriate; or (d) to take such steps to protect and enforce its rights whether by action, suit or proceeding and equity or at law for the specific performance of any term, condition or agreement in this Funding Loan Agreement, the Funding Loan Notes or the other Funding Loan Documents or in and on the execution of any power herein granted, or for the foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Bank may elect, subject in any event to the Reserved Rights.

9.4 Attorneys' Fees and Expenses. If an Event of Default occurs and if the Governmental Lender or the Bank should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Governmental Lender contained herein, the Governmental Lender shall cause the Borrower (solely by its execution and assignment of the Borrower Loan Agreement) on demand to pay to the Governmental Lender or the Bank the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

9.5 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this

Funding Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

9.6 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Funding Loan Agreement should be breached by the Governmental Lender or the Borrower and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder including any other breach of the same agreement or covenant.

9.7 Actions Under Borrower Loan Documents. Whether or not an Event of Default has occurred, the Bank, in its sole discretion, shall have the sole right to waive or forebear any term, condition, covenant or agreement in the Borrower Loan Documents applicable to the Borrower or any breach thereof, other than the covenant that would adversely impact the tax-exempt status of the interest on the Tax-Exempt Notes and provided that the Bank shall have no right to waive and the Governmental Lender may seek specific performance by Borrower to enforce the Reserved Rights.

9.8 Application on Money Collected. Any money collected by Bank pursuant to this Article and any other sums held by Bank as part of the Security, shall be applied in the following order, at the date or dates fixed by the Bank:

(a) First, to the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to Governmental Lender or Bank;

(b) Second, to the payment of the whole amount of the Funding Loan, as evidenced by the Funding Loan Notes, then due and unpaid and respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or sum sufficient therefor has been so collected at the rates prescribed therefore in the Funding Loan Notes) on overdue principal of and any premium on the Funding Loan so called provided, however, that partial payments of any portion of the Funding Loan shall be applied by Bank in such order priority as Bank may determine in its sole and absolute discretion; and

(c) Third, the remainder, if any to the person legally entitled thereto.

9.9 Suits to Protect the Security. The Bank shall have the power to institute and maintain such proceedings as Bank may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect the interest in the Security and in the rent, issues, profits, revenues and other income arising therefrom.

ARTICLE X

MISCELLANEOUS

10.1 Entire Agreement. This Funding Loan Agreement, the Funding Loan Notes and the other Funding Loan Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Governmental Lender and the Bank with respect to the subject matter hereof.

10.2 Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by first class mail postage prepaid, addressed as follows:

(a) if to the Governmental Lender, to County of Contra Costa, Department of Conservation and Development, 30 Muir Road, Martinez, California 94553, Attention: Community Development Bond Program Manager;

(b) if to the Borrower, to Riviera Family Apartments, L.P., c/o Resources for Community Development, 2220 Oxford Street, Berkeley, California 94704, Attention: Executive Director; with a copy to: Gubb & Barshay LLP, 505 14th Street, Suite 1050, Oakland, California 94612, Attention: Scott Barshay, Esq.; and

(c) if to the Bank, to MUFG Union Bank, N.A., Loan Administration Department, 3151 East Imperial Highway, First Floor, Brea, California 92821, Attention: Manager, with a copy to: MUFG Union Bank, N.A. Community Development Finance, 200 Pringle Avenue, Suite 355, Walnut Creek, California 94596-3570 Attention: Manager.

10.3 Assignments. Except as provided in Section 4.3, neither this Funding Loan Agreement nor the Borrower Loan Agreement may be assigned by any party hereto or thereto in whole or in part without the prior written consent of the other, which consent shall not be unreasonably withheld; and, in the case of the Governmental Lender, to the extent such assignment is not in contravention of its policies for multifamily housing revenue debt obligations.

10.4 Severability. If any provision of this Funding Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

10.5 Execution of Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

10.6 Amendments, Changes and Modifications. Except as otherwise provided in this Funding Loan Agreement, this Funding Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto. The

Bank may require, as a condition to any amendment, change or modification of this Funding Loan Agreement or the other Funding Loan Documents that the Bank shall have received, at the expense of the Borrower, an opinion of Tax Counsel that such amendment shall not adversely affect the exclusion of interest on the Tax-Exempt Notes from gross income for purposes of federal income tax.

10.7 Governing Law. This Funding Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State applicable to contracts made and performed in California.

10.8 Term of Agreement. This Funding Loan Agreement shall be in full force and effect from the date hereof until such time as the Funding Loan shall have been fully paid or provision made for such payment. Time is of the essence in this Funding Loan Agreement.

10.9 Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Funding Loan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the date first above written.

COUNTY OF CONTRA COSTA

By: _____

Its: _____

MUFG UNION BANK, N.A.

By: _____

Its: _____

[Riviera Family Apartments – Signature Page to Funding Loan Agreement]

03007.31:J14019

EXHIBIT A-1

**COUNTY OF CONTRA COSTA
HOUSING REVENUE NOTE, 2014 NOTE A
(RIVIERA FAMILY APARTMENTS), SERIES 2016C, PROMISSORY NOTE C-1
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)**

dated September 1, 2016

FOR VALUE RECEIVED, the County of Contra Costa (the "Governmental Lender"), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Bank, N.A. (the "Bank"), or its successors and assigns, the sum of up to _____ million _____ thousand _____ dollars (\$_____), together with interest on the advanced and unpaid principal amount of this Promissory Note C-1 at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the corresponding Borrower Note, until the Governmental Lender's obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Bank under Section 3.4 of the Funding Loan Agreement described below in respect of this Promissory Note C-1, and that has not been repaid by the Governmental Lender to the Bank as of the date of calculation of the Outstanding Balance. This Promissory Note C-1 shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of September 1, 2016 (the "Funding Loan Agreement"), between the Bank and the Governmental Lender pursuant to which the Bank has made the Funding Loan to the Governmental Lender.

This Promissory Note C-1 is issued to evidence a portion of the Funding Loan by the Bank to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Riviera Family Apartments, L.P., a California limited partnership (the "Borrower"), pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated September 1, 2016, by and among the Governmental Lender, the Bank and the Borrower (the "Borrower Loan Agreement") and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Promissory Note C-1 to the same extent as payments of principal and interest are due and payable on the corresponding Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Promissory Note C-1 shall be due and payable in its entirety on _____ 1, 203__.

The Funding Loan and this Promissory Note C-1 are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

In the event the Governmental Lender fails to make the timely payment of any monthly payment due on this Promissory Note C-1, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Governmental Lender shall pay (solely from amounts received from the Borrower as late charges under the Borrower Loan Agreement) to the Bank a late charge in the amount specified in Section 3.6 of the Borrower Loan Agreement. If the principal balance of this Promissory Note C-1 is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Bank may increase the interest rate on the portion of the Funding Loan to evidenced by this Promissory Note C-1 the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Promissory Note C-1 to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Promissory Note C-1 shall be computed as provided for the corresponding Borrower Note in the Borrower Loan Agreement. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS PROMISSORY NOTE C-1 IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NEITHER OF THE GOVERNMENTAL LENDER NOR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS PROMISSORY NOTE C-1, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS PROMISSORY NOTE C-1. THIS PROMISSORY NOTE C-1 IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

THIS PROMISSORY NOTE C-1 AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.14 OF THE FUNDING LOAN AGREEMENT.

No delay or omission on the part of Bank in exercising any remedy, right or option under this Promissory Note C-1 or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a wavier on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Bank under this Promissory Note C-1 and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Bank at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Bank of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Bank to any action of Governmental Lender which is subject to approval of the Bank hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, waives the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consents to renewals and extensions of time for payment of any amounts due under this Promissory Note C-1.

This Promissory Note C-1 may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Bank.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

IN WITNESS WHEREOF, the County of Contra Costa, California has caused this Promissory Note C-1 to be executed in its name and on its behalf all as of the date first written above.

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____

Its: _____

[Riviera Family Apartments – Signature Page to Promissory Note C-1]

EXHIBIT A-2

**COUNTY OF CONTRA COSTA
HOUSING REVENUE NOTE, 2014 NOTE A
(RIVIERA FAMILY APARTMENTS), SERIES 2016C, PROMISSORY NOTE C-2
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)**

dated September 1, 2016

FOR VALUE RECEIVED, the County of Contra Costa (the "Governmental Lender"), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Bank, N.A. (the "Bank"), or its successors and assigns, the sum of up to _____ million _____ thousand _____ dollars (\$_____), together with interest on the advanced and unpaid principal amount of this Promissory Note C-2 at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the corresponding Borrower Note, until the Governmental Lender's obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Bank under Section 3.4 of the Funding Loan Agreement described below in respect of this Promissory Note C-2, and that has not been repaid by the Governmental Lender to the Bank as of the date of calculation of the Outstanding Balance. This Promissory Note C-2 shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of September 1, 2016 (the "Funding Loan Agreement"), between the Bank and the Governmental Lender pursuant to which the Bank has made the Funding Loan to the Governmental Lender.

This Promissory Note C-2 is issued to evidence a portion of the Funding Loan by the Bank to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Riviera Family Apartments, L.P., a California limited partnership (the "Borrower"), pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated September 1, 2016, by and among the Governmental Lender, the Bank and the Borrower (the "Borrower Loan Agreement") and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Promissory Note C-2 to the same extent as payments of principal and interest are due and payable on the corresponding Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Promissory Note C-2 shall be due and payable in its entirety on _____ 1, 203__.

The Funding Loan and this Promissory Note C-2 are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

In the event the Governmental Lender fails to make the timely payment of any monthly payment due on this Promissory Note C-2, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Governmental Lender shall pay (solely from amounts received from the Borrower as late charges under the Borrower Loan Agreement) to the Bank a late charge in the amount specified in Section 3.6 of the Borrower Loan Agreement. If the principal balance of this Promissory Note C-2 is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Bank may increase the interest rate on the portion of the Funding Loan to evidenced by this Promissory Note C-2 the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Promissory Note C-2 to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Promissory Note C-2 shall be computed as provided for the corresponding Borrower Note in the Borrower Loan Agreement. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS PROMISSORY NOTE C-2 IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NEITHER OF THE GOVERNMENTAL LENDER NOR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS PROMISSORY NOTE C-2, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS PROMISSORY NOTE C-2. THIS PROMISSORY NOTE C-2 IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

THIS PROMISSORY NOTE C-2 AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.14 OF THE FUNDING LOAN AGREEMENT.

No delay or omission on the part of Bank in exercising any remedy, right or option under this Promissory Note C-2 or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a wavier on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Bank under this Promissory Note C-2 and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Bank at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Bank of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Bank to any action of Governmental Lender which is subject to approval of the Bank hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, waives the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consents to renewals and extensions of time for payment of any amounts due under this Promissory Note C-2.

This Promissory Note C-2 may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Bank.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

IN WITNESS WHEREOF, the County of Contra Costa, California has caused this Promissory Note C-2 to be executed in its name and on its behalf all as of the date first written above.

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____

Its: _____

[Riviera Family Apartments – Signature Page to Promissory Note C-2]

EXHIBIT A-3

**COUNTY OF CONTRA COSTA
HOUSING REVENUE NOTE, 2014 NOTE A
(RIVIERA FAMILY APARTMENTS), SERIES 2016C, PROMISSORY NOTE C-3
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)**

dated September 1, 2016

FOR VALUE RECEIVED, the County of Contra Costa (the "Governmental Lender"), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Bank, N.A. (the "Bank"), or its successors and assigns, the sum of up to _____ million _____ thousand _____ dollars (\$_____), together with interest on the advanced and unpaid principal amount of this Promissory Note C-3 at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the corresponding Borrower Note, until the Governmental Lender's obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Bank under Section 3.4 of the Funding Loan Agreement described below in respect of this Promissory Note C-3, and that has not been repaid by the Governmental Lender to the Bank as of the date of calculation of the Outstanding Balance. This Promissory Note C-3 shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of September 1, 2016 (the "Funding Loan Agreement"), between the Bank and the Governmental Lender pursuant to which the Bank has made the Funding Loan to the Governmental Lender.

This Promissory Note C-3 is issued to evidence a portion of the Funding Loan by the Bank to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Riviera Family Apartments, L.P., a California limited partnership (the "Borrower"), pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated September 1, 2016, by and among the Governmental Lender, the Bank and the Borrower (the "Borrower Loan Agreement") and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Promissory Note C-3 to the same extent as payments of principal and interest are due and payable on the corresponding Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Promissory Note C-3 shall be due and payable in its entirety on _____ 1, 203__.

The Funding Loan and this Promissory Note C-3 are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

In the event the Governmental Lender fails to make the timely payment of any monthly payment due on this Promissory Note C-3, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Governmental Lender shall pay (solely from amounts received from the Borrower as late charges under the Borrower Loan Agreement) to the Bank a late charge in the amount specified in Section 3.6 of the Borrower Loan Agreement. If the principal balance of this Promissory Note C-3 is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Bank may increase the interest rate on the portion of the Funding Loan to evidenced by this Promissory Note C-3 the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Promissory Note C-3 to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Promissory Note C-3 shall be computed as provided for the corresponding Borrower Note in the Borrower Loan Agreement. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS PROMISSORY NOTE C-3 IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NEITHER OF THE GOVERNMENTAL LENDER NOR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS PROMISSORY NOTE C-3, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS PROMISSORY NOTE C-3. THIS PROMISSORY NOTE C-3 IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

THIS PROMISSORY NOTE C-3 AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.14 OF THE FUNDING LOAN AGREEMENT.

No delay or omission on the part of Bank in exercising any remedy, right or option under this Promissory Note C-3 or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a wavier on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Bank under this Promissory Note C-3 and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Bank at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Bank of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Bank to any action of Governmental Lender which is subject to approval of the Bank hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, waives the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consents to renewals and extensions of time for payment of any amounts due under this Promissory Note C-3.

This Promissory Note C-3 may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Bank.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

IN WITNESS WHEREOF, the County of Contra Costa, California has caused this Promissory Note C-3 to be executed in its name and on its behalf all as of the date first written above.

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____

Its: _____

[Riviera Family Apartments – Signature Page to Promissory Note C-3]

EXHIBIT B

FORM OF INVESTOR'S LETTER

County of Contra Costa
Carlsbad, California

Re: County of Contra Costa Multifamily Housing Revenue Notes (Riviera Family Apartments), Series 2016C, Promissory Note C-__

Ladies and Gentlemen:

The undersigned (the "Holder"), being the owner of the above-referenced note (the "Funding Loan Note") does hereby certify, represent and warrant for the benefit of the County of Contra Costa (the "Governmental Lender") that:

(a) The Holder is an Approved Institutional Buyer, as defined in Section 1.1 of the Funding Loan Agreement, dated as of September 1, 2016 (the "Funding Loan Agreement"), between the Governmental Lender and MUFG Union Bank, N.A.

(b) The Holder has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Funding Loan Note. The Holder is able to bear the economic risk of, and an entire loss of, an investment in the Funding Loan Note.

(c) The Holder is acquiring the Funding Loan Note solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Funding Loan Note, except as permitted by Section 4.3 of the Funding Loan Agreement.

(d) The Holder understands that the Funding Loan Note has not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Holder agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Funding Loan Note by it, and further acknowledges that any current exemption from registration of the Funding Loan Note does not affect or diminish such requirements.

(e) The Holder is familiar with the conditions, financial and otherwise, of the Borrower (as such term is used in the Funding Loan Agreement) and understands that the Borrower has no significant assets other than the Development (as defined in the Funding Loan Agreement) for payment of the Borrower Loan (as defined in the Funding Loan Agreement). Further, the Holder understands that the Funding Loan Note involves a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Holder understands and acknowledges that, among other risks, the Funding Loan Note is payable solely from payments made by the Borrower on the related Borrower Note (as defined in the Funding Loan Agreement). The Holder has been provided an opportunity to ask questions of, and the Holder has received

answers from, representatives of the Borrower regarding the terms and conditions of the Funding Loan Note and the Borrower Loan. The Holder has obtained all information requested by it in connection with the issuance of the Funding Loan Note as it regards necessary to evaluate all merits and risks of its investment in the Funding Loan Note. The Holder has reviewed the documents executed in conjunction with the issuance of the Funding Loan Note, including, without limitation, the Funding Loan Note, the Funding Loan Agreement, the Borrower Notes (as such term is defined in the Funding Loan Agreement) and the Borrower Loan Agreement.

(f) The Holder has entered into no arrangements with the Borrower or with any affiliate in connection with the Funding Loan Note, other than as disclosed in writing to the Governmental Lender.

(g) The Holder has authority to purchase the Funding Loan Note and to execute this letter and any other instruments and documents required to be executed by the Holder in connection with its purchase of the Funding Loan Note. The individual who is signing this letter on behalf of the Holder is a duly appointed, qualified, and acting officer of the Holder and is authorized to cause the Holder to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Holder.

(h) In entering into this transaction, the Holder has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences or other aspects of its investment in the Funding Loan Note, nor has it looked to, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Development, including the financing or management thereof, or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to secure repayment of the Funding Loan Note.

(i) The Holder understands that the Funding Loan Note is not secured by any pledge of any moneys received or to be received from taxation by the Governmental Lender, the State of California or any political subdivision or taxing district thereof; that the Funding Loan Note will never represent or constitute a general obligation or a pledge of the faith and credit of the Governmental Lender, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Funding Loan Note; and that the liability of the Governmental Lender with respect to the Funding Loan Note is subject to further limitations as set forth in the Funding Loan Note and the Funding Loan Agreement.

(j) The Holder has been informed that the Funding Loan Note (i) has not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(k) The Holder acknowledges that it has the right to sell and transfer the Funding Loan Note, subject to compliance with the transfer restrictions set forth in Section 4.3 of the Funding Loan Agreement, including in certain circumstances the requirement for the delivery to the

Governmental Lender of an holder's letter in the same form as this letter, including this paragraph. Failure to comply with the provisions of Section 4.3 of the Funding Loan Agreement shall cause the purported transfer to be null and void. The Holder agrees to indemnify and hold harmless the Governmental Lender with respect to any claim asserted against the Governmental Lender that arises with respect to any sale, transfer or other disposition of the Funding Loan Note by the Holder or any transferee thereof in violation of the provisions of the Funding Loan Agreement.

(l) None of the Governmental Lender, the members of its Board of Supervisors or any of its employees or agents will have any responsibility to the Holder for the accuracy or completeness of information obtained by the Holder from any source regarding the Borrower or its financial condition or regarding the Funding Loan Note, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Governmental Lender to the Holder with respect to the Funding Loan Note. The Holder acknowledges that, as between the Holder and all of such parties, the Holder has assumed responsibility for obtaining such information and making such review as the Holder deemed necessary or desirable in connection with its decision to purchase the Funding Loan Note.

(m) The Holder acknowledges that the Funding Loan Note is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Governmental Lender has not undertaken to provide any continuing disclosure with respect to the Funding Loan Note.

The Holder acknowledges that the ownership of the Funding Loan Note by the Holder is subject to the certifications, representations and warranties herein to the addressees hereto. Capitalized terms used herein and not otherwise defined herein have the meanings given such terms in the Funding Loan Agreement.

[HOLDER]

By: _____

Name: _____

Title: _____



**CONSTRUCTION AND
PERMANENT LOAN AGREEMENT
(Multifamily Housing Back to Back Loan Program)
(Riviera Family Apartments)**

THIS AGREEMENT is made as of the Contract Date by and among Borrower, Governmental Lender and Bank in connection with the following:

- A.** Borrower has requested that Governmental Lender provide a construction and permanent loan to Borrower to finance the construction of the Improvements on the Real Property.
- B.** Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Real Property.
- C.** Borrower intends to construct an affordable housing apartment project on the Real Property.
- D.** Governmental Lender and Bank have entered into the Funding Loan Agreement whereby Bank has agreed to make the Funding Loan to Governmental Lender for the sole purpose of making funds available to the Governmental Lender to make the Borrower Loan to Borrower pursuant to this Agreement in the manner and on the terms set forth in the Funding Loan Agreement, which terms include, without limitation, the obligation of the Governmental Lender to make loan payments to the Bank from amounts received by Governmental Lender from Borrower pursuant to this Agreement and the Borrower Note in repayment of the amounts loaned to Governmental Lender under the Funding Loan Agreement as evidenced by the Funding Loan Notes. Governmental Lender has irrevocably pledged and assigned to Bank, as security for Governmental Lender's obligations to repay amounts due under the Funding Loan Notes and its obligations under the Funding Loan Agreement, all right, title and interest to the Borrower Loan Documents (other than the Reserved Rights, as defined in the Funding Loan Agreement), including all rights to payments with respect to the Borrower Note. Upon the execution of the Funding Loan Notes, all right, title and interest of Governmental Lender under and in the Borrower Loan (other than the Reserved Rights, as defined in the Funding Loan Agreement) will be assigned by Governmental Lender to Bank pursuant to the Funding Loan Agreement and the Assignment of Deed of Trust.
- E.** All of the rights, powers, elections, determinations, remedies, duties and functions of Governmental Lender hereunder (other than the Reserved Rights, as defined in the Funding Loan Agreement) may be exercised and performed on behalf of Governmental Lender by Bank unless and until the assignment to Bank is terminated, modified, assigned, in whole or in part, or otherwise amended in accordance with the provisions of the Funding Loan Agreement.
- F.** Subject to the execution of the Funding Loan Agreement and the terms and conditions of this Agreement, Governmental Lender is willing to make the Borrower Loan to Borrower.

THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Acceptable Unit Lease. A lease agreement on a lease form approved by Bank which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements and the Subordinate Documents.

1.2 Act. As defined in the Funding Loan Agreement.

1.3 Advance. Each disbursement of proceeds of the Borrower Loan made pursuant to this Agreement.

1.4 Aggregate Change Order Limit. \$100,000.

1.5 Agreement or Borrower Loan Agreement. This Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program).

1.6 Agreement to Furnish Insurance. The Agreement to Furnish Insurance dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.7 AHAP Contract. The Agreement to Enter Into Housing Assistance Payments Contract between Borrower and the Housing Authority effective as of [_____, 2016] **[CHECK]**.

1.8 AHP Lender. MUFG Union Bank, N.A.

1.9 AHP Loan. That certain affordable housing program loan in an amount of not more than [\$570,000] **[CHECK]** from AHP Lender.

1.10 AHP Documents. The AHP Note, the AHP Deed of Trust, the AHP Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the AHP Loan.

1.11 AHP Note. The Promissory Note Secured by Deed of Trust, in form and content acceptable to Bank, made by Borrower to the order of the AHP Lender, evidencing all amounts to be disbursed under the AHP Loan.

1.12 AHP Subordination Agreement. A Subordination Agreement in form and substance satisfactory to Bank, executed by AHP Lender and Borrower, pursuant to which the AHP Lender shall unconditionally subordinate the lien and effect of the AHP Deed of Trust to the lien and effect of the Deed of Trust.

1.13 AHSC Grant Agreement. [Collectively, that certain Standard Agreement entered into by HCD and Sponsor and that certain Disbursement Agreement entered into by and among HCD, Borrower and Sponsor pursuant to the terms of which HCD shall make available a grant to recipient, Sponsor, pursuant to the Affordable Housing and Sustainable Communities Grant Program (the "AHSC Grant") whereby HCD further authorized Sponsor to make the Sponsor AHSC Loan to the Borrower.] **[CHECK]**

1.14 AHSC Grant Documents. The AHSC Grant Restrictions, the AHSC Grant Agreement, the AHSC Grant Subordination Agreement, and any other documents and instruments evidencing or pertaining to the AHSC Grant.

1.15 AHSC Grant Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing executed by Borrower and Sponsor for the benefit of HCD in connection with the AHSC Grant.

1.16 AHSC Grant Subordination Agreement. A Subordination Agreement in form and substance satisfactory to Bank, executed by HCD and Borrower, pursuant to which HCD shall unconditionally subordinate the lien and effect of the AHSC Grant Restrictions to the lien and effect of the Deed of Trust.

1.17 AHSC Permanent Loan Deed of Trust. The deed of trust to be executed by Borrower for the benefit of HCD, encumbering the Project and securing repayment of amounts owing under the AHSC Permanent Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.18 AHSC Permanent Loan. The [\$2,614,450] **[CHECK]** loan to be made by HCD to Borrower in accordance with the terms of the AHSC Permanent Loan Standard Agreement.

1.19 AHSC Permanent Loan Documents. The AHSC Permanent Loan Standard Agreement, AHSC Permanent Loan Note, the AHSC Permanent Loan Deed of Trust, [the AHSC Permanent Loan Restrictions,] **[CHECK]** the AHSC Permanent Loan Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the Sponsor AHSC Loan.

1.20 AHSC Permanent Loan Note. The [\$2,614,450] **[CHECK]** promissory note to be executed by Borrower in favor of HCD evidencing the AHSC Permanent Loan.

1.21 [AHSC Permanent Loan Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the AHSC Permanent Loan.] **[CHECK]**

1.22 AHSC Permanent Loan Standard Agreement. That certain Standard Agreement entered into by HCD and Sponsor pursuant to the terms of which HCD shall make available the AHSC Permanent Loan to Borrower.

1.23 AHSC Permanent Loan Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, to be executed by HCD and Bank and acknowledged by Borrower pursuant to which HCD shall unconditionally subordinate the lien and effect of the AHSC Permanent Loan Deed of Trust [and AHSC Permanent Loan Restrictions] **[CHECK]** to the lien and effect of the Deed of Trust.

1.24 Allocation Committee. The California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

1.25 Amortization Date. The first day of the calendar month after the Outside Conversion Date.

1.26 Appraisal. An appraisal or reappraisal of the Property (complying with Bank's appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Bank.

1.27 Appraised Value. The market value of the Property as determined by Bank in its business judgment, reasonably exercised, based upon an Appraisal.

1.28 Architect. Mithun, Inc., or such other architect as may be approved by Bank.

1.29 Architect's Agreement. The agreement between Borrower and Architect relating to the design and construction of the Improvements.

1.30 Assignment of AHAP Contract. The Assignment of Housing Assistance Payments Contract on Bank's form, to be executed by Borrower upon execution of the HAP Contract and prior to the Permanent Loan Conversion Date in favor of Bank as additional collateral security for the performance of Borrower's obligations under the Loan Documents, assigning to Bank all of Borrower's rights under the HAP Contract together with that certain Consent to Assignment of HAP Contract attached thereto to and executed by the Housing Authority.

1.31 Assignment of Construction Contract. The Assignment of Construction Contract dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.32 Assignment of HAP Contract. The Assignment of Housing Assistance Payments Contract to be executed by Borrower in favor of Bank on or before Conversion as additional collateral

security for the performance of Borrower's obligations under the Agreement, assigning to Bank all of Borrower's rights under the HAP Contract together with the consent to the assignment of the HAP Contract, in form and substance satisfactory to Bank, executed by the Housing Authority.

1.33 Assignment of Hedge. As defined in Section 7.48.

1.34 Assignment of Partnership Interest (GP). An Assignment of Partnership Interest dated as of the Contract Date executed by each General Partner in favor of Governmental Lender and Bank as additional collateral security for the performance of the Borrower's obligations under the Borrower Loan Documents, assigning to Governmental Lender and Bank all of each such General Partner's rights as a general partner in Borrower.

1.35 Assignment of Plans and Specifications. The Assignment of Architect's Agreement, Plans and Specifications dated as of the Contract Date executed by Borrower, in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.36 Assignment of Tax Credits and Partnership Interests. An Assignment of Rights to Tax Credits and Partnership Interests dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower's obligations under the Borrower Loan Documents, assigning to Governmental Lender and Bank all of Borrower's rights under the Tax Credit Allocation Documents including, without limitation, the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

1.37 Bank. MUFG Union Bank, N.A. (i) acting in its capacity as owner of the Funding Loan Notes and as assignee of and agent under this Agreement for the Governmental Lender pursuant to the Funding Loan Agreement, and (ii) its successors and assigns.

1.38 Bonded Work. Offsite, common area, or other improvements required by a Governmental Authority or for which bonds may be required in connection with the development of the Real Property.

1.39 Borrower. Riviera Family Apartments, L.P., a California limited partnership.

1.40 Borrower's Equity. As of any date of determination, Borrower's funds expended on Project costs in accordance with this Agreement as of such date, including Borrower's Funds and capital contributions made by the Tax Credit Investor, but excluding proceeds of the Borrower Loan, as determined by Bank in its sole discretion.

1.41 Borrower's Funds. All funds of Borrower deposited into Borrower's Funds Account pursuant to the terms of this Agreement, to be disbursed in payment of Construction Costs as more particularly set forth in this Agreement.

1.42 Borrower's Funds Account. An account with Bank into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

1.43 Borrower Loan. The loan in the maximum principal amount of [\$19,917,000] **[CHECK]** made by the Governmental Lender to Borrower pursuant to this Agreement.

1.44 Borrower Loan Documents. This Agreement, the Borrower Note, the Tax-Exempt Regulatory Agreement, the Deed of Trust, the Guaranty, the ECA, the Security Documents, the Financing Statements, the Agreement to Furnish Insurance, any Hedge Documents, the Indemnity Agreement and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) now or hereafter executed and delivered to Governmental Lender or Bank in connection with the Borrower Loan.

1.45 Borrower Note. Collectively, Borrower Note A-1, Borrower Note A-2, and Borrower Note A-T.

1.46 Borrower Note A-1. The Promissory Note A-1 – Tax Exempt (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [\$16,353,798] **[CHECK]**.

1.47 Borrower Note A-2. The Promissory Note A-2 – Tax Exempt (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [\$2,846,202] **[CHECK]**.

1.48 Borrower Note A-T. The Promissory Note A-T – Taxable (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [\$717,000] **[CHECK]**.

1.49 Business Day. (i) Except as otherwise provided in clause (ii) below, a day which is not a Saturday or Sunday on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of LIBOR Rate, a day which is both a New York Banking Day and a London Banking Day.

1.50 Capital Improvement Reserve Account. An interest bearing account established with Bank by Borrower at the time of Conversion for the purpose of funding any capital improvements which are necessary for the continued operation of the Property.

1.51 Certification of Plans and Specifications. The Certification of Plans and Specifications dated as of the Contract Date from Borrower, Contractor and Architect to Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.52 Change Order. Any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

1.53 City. City of Walnut Creek, a California municipal corporation.

1.54 City Deed of Trust. That certain Amended and Restated City Deed of Trust and that certain Second Amended and Restated City Deed of Trust, each dated [_____, 2016] **[CHECK]** executed by Borrower for the benefit of the City, encumbering the Project and securing repayment of amounts owing under the City Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.55 City Documents. The City Restrictions, the City Note, the City Loan Agreement, the City Deed of Trust, the City Subordination Agreement, and all other documents and instruments evidencing, securing or pertaining to the City Loan.

1.56 City Loan. The \$6,000,000 loan made by the City to Borrower pursuant to the terms of the City Loan Agreement to cover, among other things, the construction of the Improvements.

1.57 City Loan Agreement. That certain City Loan Agreement dated February 25, 2014, by and between the City and Borrower, as amended by that certain First Amendment to City Loan Agreement dated September 8, 2014 and that certain Second Amendment to City Loan Agreement dated [_____, 2016] **[CHECK]**, pursuant to the terms of which City agreed to make the City Loan.

1.58 City Note. That certain Second Amended and Restated City Promissory Note dated [_____, 2016] **[CHECK]** in the principal amount of \$6,000,000, made by Borrower to the order of the City, evidencing all amounts disbursed and to be disbursed under the City Loan.

1.59 City Restrictions. That certain Regulatory Agreement and Declaration of Restrictive Covenants dated September 9, 2014 and recorded October 6, 2014 as Document No. 2014-0171776-00 in the Official Records of the County of Contra Costa, State of California, as amended by that certain First Amendment to Regulatory Agreement and Declaration of Restrictive Covenants dated [_____, 2016] **[CHECK]** and recorded concurrently with the Deed of Trust, each executed by and between Borrower and the City in connection with City's making the City Loan.

1.60 City Subordination Agreement. A subordination agreement in form and substance satisfactory to Bank, executed by City and Borrower, pursuant to which City shall unconditionally subordinate the lien and effect of the City Deed of Trust and the City Restrictions to the lien and effect of the Deed of Trust.

1.61 Closing Date. The date on which the Deed of Trust is recorded and the Initial Advance is made.

1.62 Code. The Internal Revenue Code of 1986, as amended; including (a) any successor internal revenue law and (b) the applicable regulations promulgated thereunder whether final, temporary or proposed under the Code or such successor law.

1.63 Completion Date. The date of Project Completion, which date shall not be later than May 1, 2018.

1.64 Conditions to Conversion. The conditions precedent to Conversion as listed in Section 3.2.2 below.

1.65 Construction Contract. The agreement between Borrower and Contractor relating to the construction of the Improvements.

1.66 Construction Costs. All costs approved by Bank relating to the construction of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

1.67 Construction Phase. The period from the Closing Date through and including the date immediately preceding the Conversion Date.

1.68 Contract Date. September 1, 2016.

1.69 Contractor. J.H. Fitzmaurice, Inc., or such other contractor as may be approved by Bank, or Borrower acting in the capacity of general contractor.

1.70 Conversion. The conversion of the Borrower Loan from the Construction Phase to the Permanent Phase.

1.71 Conversion Date. The date on which all Conditions to Conversion have been satisfied, as such date is established by Bank in the Conversion Notice. The Conversion Date shall be the first day of the calendar month following the month in which Bank issues the Conversion Notice, but in no event later than the Outside Conversion Date.

1.72 Conversion Election Notice. Written notice delivered by Borrower to Bank that Borrower has elected to convert the Borrower Loan from the Construction Phase to the Permanent Phase.

1.73 Conversion Notice. Written notice delivered by Bank to Borrower that the Conditions to Conversion have been fully satisfied.

1.74 County. The County of Contra Costa, a political subdivision of the State of California.

1.75 County Deed of Trust. The deed of trust executed by Borrower for the benefit of the County, encumbering the Project and securing repayment of amounts owing under the County Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.76 County Documents. The County Restrictions, the County Note, the County Loan Agreement, the County Intercreditor Agreement, the County Deed of Trust, the County Subordination Agreement, and all other documents and instruments evidencing, securing or pertaining to the County Loan.

1.77 County Intercreditor Agreement. The intercreditor agreement by and among the County, the City and Borrower with respect to the payments made under the County Loan and City Loan.

1.78 County Loan. The \$2,000,000 loan made by the County to Borrower pursuant to the terms of the County Loan Agreement to cover, among other things, the construction of the Improvements.

1.79 County Loan Agreement. The loan agreement by and between the County and Borrower pursuant to the terms of which County agreed to make the County Loan.

1.80 County Note. The \$2,000,000 promissory note, made by Borrower to the order of the County, evidencing all amounts disbursed and to be disbursed under the County Loan.

1.81 County Restrictions. Collectively, those certain Regulatory Agreements and Declarations of Restrictive Covenants, each executed by Borrower for the benefit of County in connection with County's making the County Loan.

1.82 County Subordination Agreement. A subordination agreement in form and substance satisfactory to Bank, executed by County and Borrower, pursuant to which County shall unconditionally subordinate the lien and effect of the County Deed of Trust and the County Restrictions to the lien and effect of the Deed of Trust.

1.83 Debt Coverage Ratio. The ratio of (i) the annual stabilized Net Operating Income for the Property during a particular period of time, to (ii) the assumed combined interest and principal payment for the Permanent Phase that would be required based upon the projected outstanding principal balance for each of Borrower Note A-1 and Borrower Note A-2, respectively, as of the Conversion Date, a fixed interest rate on the Borrower Note A-1 and Borrower Note A-2, respectively, equal to the fixed rate of the Hedge applicable to Borrower Note A-1 and Borrower Note A-2, respectively (inclusive of the Margin), monthly amortization payments on the Borrower Note A-1 based upon a three hundred sixty (360) month amortization period and monthly amortization payments on the Borrower Note A-2 based upon a one hundred eighty (180) month amortization period, in each case plus any required principal and interest payments under any additional secondary financing permitted pursuant to the Borrower Loan Documents.

1.84 Deed of Trust. The Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as trustor, for the benefit of Governmental Lender and Bank, as beneficiary, as the same may from time to time be amended, modified or supplemented.

1.85 Deed of Trust Assignment. The Assignment of Deed of Trust and Related Documents dated as of the Contract Date by Governmental Lender in favor of Bank.

1.86 Default Rate. A rate equal to 5% more than the Variable Rate.

1.87 Detailed Cost Breakdown. An itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for construction of the Improvements in accordance with the Plans, which has been submitted to and approved by Bank.

1.88 Disbursement Schedule. The schedule or schedules for disbursement of the Advances and of Borrower's Funds, if any, set forth on Exhibit B, which may be amended from time to time by reallocations made in accordance with Section 5.5.

1.89 Draw Request. The certified invoice to be delivered by Borrower to Bank as a condition to Governmental Lender making an Advance, in such form and certified by such parties as required by Bank, together with such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be required by Bank.

1.90 ECA. The Environmental Compliance Agreement, dated as of the Contract Date by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.91 Event of Default. As defined in Section 8.

1.92 Extended Use Agreement. An "extended low-income housing commitment" as defined in Section 42(h)(6)(B) of the Code.

1.93 Financial Statements. Balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Bank may require, in form and content acceptable to Bank.

1.94 Financing Statements. All UCC financing statements required in connection with the Borrower Loan.

1.95 First Payment Date. October 1, 2016.

1.96 Funding Date. The date on which the Initial Disbursement is made.

1.97 Funding Loan. The loan in the maximum amount of [\$19,917,000] **[CHECK]** made by Bank to Governmental Lender pursuant to the Funding Loan Agreement.

1.98 Funding Loan Agreement. The Funding Loan Agreement dated as of the Contract Date between the Governmental Lender and the Bank in connection with the issuance of the Funding Loan Notes.

1.99 Funding Loan Documents. As defined in the Funding Loan Agreement.

1.100 Funding Loan Notes. The Funding Loan Notes (as defined in the Funding Loan Agreement).

1.101 General Partner(s). Stargell Commons LLC, a California limited liability company.

1.102 Governmental Authority. Any federal, state or local governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, court, administrative tribunal or public or private utility having authority over the Property or its utilization.

1.103 Governmental Lender. County of Contra Costa, California.

1.104 Governmental Requirement. Any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

1.105 Gross Operating Income. The sum of any and all payments, fees, rentals, additional rentals (but specifically excluding any amounts received from tenant-based vouchers or other rent subsidies in excess of then maximum rents permitted under the Regulatory Agreements), expense

reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower's ownership, use, development or operation of the Property, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month, except that income from rental subsidies shall be taken into account on an accrual basis.

1.106 Guarantor. Any Person who executes a Guaranty in connection with the Borrower Loan.

1.107 Guaranty. Bank's standard form Loan and Completion Guaranty, Loan Guaranty, Completion Guaranty or Interest and Maintenance Guaranty, as the case may be entered into in connection with the Borrower Loan.

1.108 HAP Contract. The Housing Assistance Payments Contract to be entered into between Borrower and the Housing Authority on or before the Conversion Date in the form attached to the AHAP Contract and consistent with the terms of the final proposal attached to the AHAP Contract.

1.109 HCD. The Department of Housing and Community Development, a public agency of the State of California.

1.110 HCD Documents. The Infill Documents and the AHSC Grant Documents.

1.111 Hedge. As defined in Section 7.48.

1.112 Hedge Documents. As defined in Section 7.48.

1.113 Housing Authority. Housing Authority of the County of Contra Costa.

1.114 Improvements. A fifty-eight (58) unit (including one (1) manager's unit) low income apartment project and related improvements.

1.115 Indemnified Parties. Collectively Governmental Lender and Bank and each of their respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future.

1.116 Indemnity Agreement. Any Indemnity Agreement entered into in connection with the Borrower Loan.

1.117 Infill Agreement. Collectively, that certain Standard Agreement entered into by HCD and Sponsor and that certain Disbursement Agreement entered into by and among HCD, Borrower and Sponsor pursuant to the terms of which HCD shall make available a grant to recipient, Sponsor, pursuant to the Infill Infrastructure Grant Program (the "Infill Grant") whereby HCD further authorized Sponsor to make the Sponsor Infill Loan to the Borrower.

1.118 Infill Documents. The Infill Restrictions, the Infill Agreement, the Infill Subordination Agreement, and any other documents and instruments evidencing or pertaining to the grant made by HCD to Sponsor pursuant to the Infill Agreement.

1.119 Infill Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing executed by Borrower and Sponsor for the benefit of HCD in connection with the Infill Grant.

1.120 Infill Subordination Agreement. A Subordination Agreement in form and substance satisfactory to Bank, executed by HCD and Borrower, pursuant to which HCD shall unconditionally subordinate the lien and effect of the Infill Restrictions to the lien and effect of the Deed of Trust.

1.121 Initial Disbursement. The initial Advance made by Governmental Lender to Borrower pursuant to this Agreement.

1.122 Interest Change Date. The First Payment Date and the first day of each calendar month thereafter.

1.123 Interest Period. The period of time from one Interest Change Date to (but excluding) the next Interest Change Date or the Maturity Date, as the case may be.

1.124 Interest Reserve. The portion of the Project Budget allocated for the payment of interest due under this Agreement.

1.125 Late Charge. An amount equal to 6% of any delinquent payment of amounts due from Borrower under the Borrower Loan Documents.

1.126 Leases. All leases of any portion of the Property and all amendments, guaranties and subleases relating thereto.

1.127 LIBOR Rate. As of any given date, a per annum rate of interest equal to the rate for U.S. Dollar deposits for a period of one month or, for the Stub Period, for a period equal to the number of days in the Stub Period which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two Business Days preceding such date. Should the LIBOR Rate cease to be available for any reason, then said rate shall be replaced by a rate which, in the sole discretion of Bank, most closely approximates the unavailable LIBOR Rate.

1.128 Liquid Assets. Immediately available cash, bank deposits, accounts and mutual funds; obligations of or guaranteed by the U.S. government or an agency thereof; and stocks, bonds and other debt instruments regularly traded on the New York, American or NASDAQ stock exchange which can be readily converted into cash.

1.129 Loan Fee. [\$129,460.50] [CHECK].

1.130 Loan Party. Any general partner, managing member, joint venturer, trustee or trustor of Borrower, as applicable and any Guarantor.

1.131 Loan-to-Value Ratio. The ratio of (i) then outstanding indebtedness in connection with the Borrower Loan to (ii) the Appraised Value of the Property.

1.132 London Banking Day. A day in which dealings in U.S. Dollar deposits in London, England may be carried on by Bank.

1.133 Margin. 1.65% during the Construction Phase and 2.30% during the Permanent Phase.

1.134 Maturity Date. (i) With respect to Borrower Note A-1, March 1, 2049, unless extended pursuant to Section 2.6 below, (ii) with respect to Borrower Note A-2, March 1, 2034, unless extended pursuant to Section 2.6 below, and (iii) with respect to Borrower Note A-T, March 1, 2019, unless the Outside Conversion Date is extended pursuant to Section 2.6 below, in which event the Maturity Date with respect to Borrower Note A-T shall be extended to September 1, 2019.

1.135 Maximum Lawful Rate. As defined in the Funding Loan Agreement.

1.136 Net Operating Income. Gross Operating Income less Operating Expenses.

1.137 New York Banking Day. A day which is not a Saturday or Sunday on which banks in New York City, New York are open for business for the funding of corporate loans.

1.138 Offsite Materials. Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored at a location other than the Real Property.

1.139 Onsite Materials. Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored on the Real Property.

1.140 Operating Expenses. The following expenses to the extent that such expenses are reasonable in amount and customary for properties of a type similar to the Property, as determined by Bank in its sole discretion: (A) real property taxes and assessments imposed upon the Property, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) reserves for capital expenditures, leasing commissions and tenant improvements, as determined by Bank in its business judgment, reasonably exercised, and (D) the greater of (i) operating expenses actually incurred by Borrower in connection with the management, operation, cleaning, leasing, maintenance and repair of the Property or any part thereof, and (ii) the operating expenses set forth in the Appraisal. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Borrower Loan or any allowance for depreciation and similar noncash charges.

1.141 Operating Statement. A monthly, quarterly or annual statement that shows in detail the amounts and sources of Gross Operating Income, the amounts and nature of Operating Expenses, and Net Operating Income, in each case for the preceding calendar month, quarter or year. The Operating Statement shall be prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied and in a form satisfactory to Bank.

1.142 Outside Conversion Date. March 1, 2019, unless extended pursuant to Section 2.6 below.

1.143 Partnership Agreement. Borrower's amended and restated agreement of limited partnership, as the same may be amended from time to time.

1.144 Paydown Amount. The amount by which (a) the current outstanding principal amount of the Borrower Note, plus all accrued but unpaid interest thereon, exceeds (b) the lesser of (i) the Projected Permanent Phase Loan Amount and (ii) the maximum outstanding principal balance of the Borrower Loan in order for the Property to satisfy the Debt Coverage Ratio pursuant to Section 3.2.2(o) as of the Conversion Date, which Paydown Amount shall be applied towards accrued and unpaid interest on Borrower Note A-T, and then accrued and unpaid interest on Borrower Note A-2, and then accrued and unpaid interest on Borrower Note A-1, and then to all other amounts due and owing under the Borrower Loan Documents and the Funding Loan Documents.

1.145 Permanent Phase. The period from the Conversion Date and ending on the Maturity Date.

1.146 Permitted Liens. Any easements and restrictions listed in a schedule of exceptions to coverage in the Title Policy as required by the Borrower Loan Documents.

1.147 Person. Any natural person or entity, including any corporation, partnership, joint venture, limited liability company, trust, trustee, unincorporated organization or Governmental Authority.

1.148 Personal Property. Any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Borrower Loan.

1.149 Plans. The final plans and specifications for construction of the Improvements (including any applicable general conditions), prepared by Architect and approved by Bank as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

1.150 Preliminary Reservation. That certain Tax-Exempt Reservation Letter dated May 18, 2016, issued by the Allocation Committee.

1.151 Project Budget. The cost itemization (set forth in Exhibit B-1 hereto) of the total amount needed by Borrower to construct the Improvements and to perform Borrower's other obligations under the Borrower Loan Documents, which itemization may be amended from time to time in accordance with this Agreement.

1.152 Project Completion. The date of completion of construction of the Project and issuance of all licenses and permits necessary for the occupancy and use of the Units such that the Project shall be considered "placed in service" for purposes of the provisions of Section 42 of the Code, which date of completion shall not be later than the Completion Date.

1.153 Projected Permanent Phase Loan Amount. [\$4,626,402] [CHECK].

1.154 Property or Project. The Real Property, the Improvements and the Personal Property.

1.155 Qualified Allocation Plan. The Qualified Allocation Plan adopted by the Allocation Committee from time to time in accordance with the provisions of Section 42(m) of the Code.

1.156 R&T Code. The California Revenue and Taxation Code, as amended from time to time thereto. Any reference to a particular provision of the R&T Code shall include any amendment of such provision.

1.157 Real Property. That certain real property described in Exhibit A hereto.

1.158 Recorded Documents. The Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, the Subordination Agreements, the AHP Deed of Trust, the City Deed of Trust, the County Deed of Trust, the Sponsor Infill Deed of Trust, the Sponsor AHSC Deed of Trust, the Infill Restrictions, the AHSC Grant Restrictions, the AHSC Permanent Loan Deed of Trust (after the same has been fully executed) [and the AHSC Permanent Loan Restrictions (after the same has been fully executed)] [CHECK].

1.159 Regulatory Agreements. All regulatory agreements and restrictions (including, without limitation, the Tax-Exempt Regulatory Agreement, the Extended Use Agreement, the City Restrictions, the County Restrictions, the Infill Restrictions, the AHSC Grant Restrictions [and the AHSC Permanent Loan Restrictions (after the same has been fully executed)] [CHECK].) now or hereafter encumbering the Property setting forth restrictions with respect to the leasing, maintenance and use of the Units.

1.160 Rent Restrictions. The occupancy and rent restrictions contained in the Regulatory Agreements and the HAP Contract.

1.161 Security Documents. Any agreements granting a security interest in collateral securing the Borrower Loan and/or any Hedge provided by Bank other than the Deed of Trust, including without limitation, assignments and consents to assignments of the Architect's Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Hedge (if any), the Assignment of AHAP Contract, and the Assignment of HAP Contract.

1.162 Set Aside Letter. Any letter or letters to any Governmental Authority or Surety whereby Bank agrees to allocate proceeds of the Borrower Loan for construction of Bonded Work.

1.163 Single Change Order Limit. \$50,000.

1.164 Sponsor. Resources for Community Development, a California nonprofit public benefit corporation.

1.165 Sponsor AHSC Deed of Trust. The deed of trust executed by Borrower for the benefit of Sponsor, encumbering the Project and securing repayment of amounts owing under the Sponsor AHSC Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.166 Sponsor AHSC Loan. The [\$2,342,160] **[CHECK]** loan of the AHSC Grant by Sponsor to Borrower, pursuant to the terms of the Sponsor AHSC Note, to cover, among other things, costs of the Project.

1.167 Sponsor AHSC Loan Documents. The Sponsor AHSC Note, the Sponsor AHSC Deed of Trust, the Sponsor AHSC Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the Sponsor AHSC Loan.

1.168 Sponsor AHSC Note. The [\$2,342,160] **[CHECK]** promissory note executed by Borrower in favor of Sponsor evidencing the Sponsor AHSC Loan.

1.169 Sponsor AHSC Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, executed by Sponsor and Bank and acknowledged by Borrower pursuant to which Sponsor shall unconditionally subordinate the lien and effect of the Sponsor AHSC Deed of Trust to the lien and effect of the Deed of Trust.

1.170 Sponsor Documents. The Sponsor AHSC Documents and the Sponsor Infill Documents.

1.171 Sponsor Infill Deed of Trust. The deed of trust executed by Borrower for the benefit of Sponsor, encumbering the Project and securing repayment of amounts owing under the Sponsor Infill Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.172 Sponsor Infill Loan. The [\$2,800,240] **[CHECK]** loan of the Infill Grant by Sponsor to Borrower, pursuant to the terms of the Sponsor Infill Note, to cover, among other things, costs of the Project.

1.173 Sponsor Infill Loan Documents. The Sponsor Infill Note, the Sponsor Infill Deed of Trust, the Sponsor Infill Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the Sponsor Infill Loan.

1.174 Sponsor Infill Note. The [\$2,800,240] **[CHECK]** promissory note executed by Borrower in favor of Sponsor evidencing the Sponsor Infill Loan.

1.175 Sponsor Infill Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, executed by Sponsor and Bank and acknowledged by Borrower pursuant to which Sponsor shall unconditionally subordinate the lien and effect of the Sponsor Infill Deed of Trust to the lien and effect of the Deed of Trust.

1.176 Stub Period. The period from the Funding Date through (but excluding) the first day of the calendar month following such date.

1.177 Subordinate Documents. The AHP Documents, the City Documents, the County Documents, the HCD Documents, the Sponsor Documents and the AHSC Permanent Loan Documents (after the AHSC Permanent Loan Documents have been fully executed).

1.178 Subordinate Lenders. AHP Lender, the City, the County, HCD and Sponsor.

1.179 Subordinate Loans. The AHP Loan, the City Loan, the County Loan, the AHSC Grant, the Infill Grant, the Sponsor Infill Loan, the Sponsor AHSC Loan and the AHSC Permanent Loan (when made).

1.180 Subordination Agreement(s). The AHP Subordination Agreement, the AHSC Subordination Agreement, the City Subordination Agreement, the County Subordination Agreement, the Infill Subordination Agreement, the Sponsor Infill Subordination Agreement and the Sponsor AHSC Subordination Agreement.

1.181 Surety. The bonding company that issues the bonds covering the Bonded Work.

1.182 Tax Certificate. As defined in the Funding Loan Agreement.

1.183 Tax Counsel. As defined in the Funding Loan Agreement.

1.184 Tax-Exempt Notes. As defined in the Funding Loan Agreement.

1.185 Tax Credit Allocation Documents. The Tax Credit Application, the Preliminary Reservation, IRS Form 8609 to be hereafter executed by the Allocation Committee and all other documents heretofore and hereafter submitted to, and received by the Borrower from, the Allocation Committee, and all amendments, extensions and modifications thereto.

1.186 Tax Credit Application. The 2016 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

1.187 Tax Credit Investor. Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation.

1.188 Tax Credit Investor Estoppel Certificate. An estoppel certificate duly executed by Tax Credit Investor, providing such certifications as Bank may require with respect to the Tax Credit Investor's obligation to make its capital contributions.

1.189 Tax Credits. Low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Documents.

1.190 Tax-Exempt Regulatory Agreement. The "Regulatory Agreement", as defined in the Funding Loan Agreement.

1.191 Title Insurer. North American Title Company.

1.192 Title Policy. An ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Bank, naming Governmental Lender and Bank as insured, with a liability limit of not less than the amount of the Borrower Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Real Property and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Bank, with such reinsurance or coinsurance agreements or endorsements to such policy as Bank may require.

1.193 Transfer. Any sale, lease or other transfer of any interest to any other Person.

1.194 Unit(s). The fifty-eight (58) apartment units, including one (1) manager's unit, constituting the Improvements.

1.195 Variable Rate. A rate of Interest which bears interest with reference to a LIBOR Rate, pursuant to Section 3.1.2.

1.196 Variable Rate Principal. The outstanding principal balance of the Borrower Loan that is bearing interest at a Variable Rate.

2. BORROWER LOAN.

2.1 Purpose. The purpose of the Borrower Loan is to finance the acquisition of the Real Property and construction of the Improvements and other costs related thereto and to provide permanent financing for the Project.

2.2 Loan Terms and Conditions. Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C and Section [3.3] **[CHECK]** of the Funding Loan Agreement, Governmental Lender agrees to make the Borrower Loan to Borrower. The repayment of all amounts due in connection with the Borrower Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Bank. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

2.3 Loan Fee. Borrower shall pay the Loan Fee to Bank in immediately available funds on or before the Closing Date. The Loan Fee shall be nonrefundable.

2.4 Full Payment and Reconveyance. Upon Governmental Lender's and Bank's receipt, as applicable, of all sums owing and outstanding under the Borrower Loan Documents and under any other note or notes or any other obligation secured by the Deed of Trust, Bank shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bank shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Borrower Loan Documents and the Funding Loan Documents; and (b) Bank shall have received a written release satisfactory to Bank of any Set Aside Letter, letter of credit or other form of undertaking that Bank has issued to any Surety, Governmental Authority or any other party in connection with the Borrower Loan and/or the Property. As of the earlier of the last day of disbursement of the Funding Loan under Section 3.4(d) of the Funding Loan Agreement, or date of repayment in full of the Borrower Loan, Governmental Lender's obligation to make further disbursements under the Borrower Loan shall terminate as to any portion of the Borrower Loan undisbursed, and any commitment of Governmental Lender to lend any undisbursed portion of the Borrower Loan shall be cancelled.

2.5 Assignment of Borrower Loan Documents to Bank. Borrower acknowledges that the Governmental Lender has made an assignment to the Bank of all right, title and interest of the Governmental Lender in this Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), the Borrower Note, the Deed of Trust and the other Borrower Loan Documents and has appointed the Bank as its agent to collect payments from the Borrower with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Borrower hereby consents to all such assignments and the appointment of Bank as agent for the Governmental Lender.

2.6 Extension. Borrower shall have the option to: (i) extend the Outside Conversion Date (for purposes of this Section, "Initial Conversion Date") for an additional six (6) months ("Extension Term"), to and including September 1, 2019 ("Extended Conversion Date"), and (ii) extend the Maturity Date (for purposes of this Section, "Initial Maturity Date") for the same additional corresponding period to and including September 1, 2049 with respect to Borrower Note A-1, September 1, 2034 with respect to Borrower Note A-2, and September 1, 2019 with respect to Borrower Note A-T (as applicable, "Extended Maturity Date"), upon satisfaction of all of the following conditions, as determined by Bank:

2.6.1 Borrower shall provide Bank with Borrower's written request to extend the term of the Borrower Loan not less than ninety (90) days prior to the Initial Conversion Date.

2.6.2 At the time of Bank's receipt of Borrower's written request to extend the term of the Borrower Loan, and as of the Initial Conversion Date, no Event of Default shall have occurred and be continuing.

2.6.3 There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank's sole discretion.

2.6.4 Borrower and any Loan Party shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

2.6.5 Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

2.6.6 Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Initial Conversion Date.

2.6.7 Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Note during the Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower's Funds Account such amount as is necessary, as determined by Bank in its sole discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Note during the Extension Term.

2.6.8 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.48, which shall provide for the Borrower to pay a fixed rate of interest no greater than (or otherwise protects against the interest rate exceeding) [__%] **[CHECK]** (including the Margin), on an amount not less than [\$1,780,200] **[CHECK]** of the Borrower Note A-1, and no greater than (or otherwise protects against the interest rate exceeding) [__%] **[CHECK]** (including the Margin), on an amount not less than [\$2,846,202] **[CHECK]** of the Borrower Note A-2, in each case for the period commencing no later than the Extended Conversion Date and terminating on the Extended Maturity Date for each of Borrower Note A-1 and Borrower Note A-2, respectively.

2.6.9 **[CHECK: DISCUSS EXTENSION OF AHSC PERMANENT LOAN OUTSIDE FUNDING/CLOSING DATE UNDER AHSC STANDARD AGREEMENT AS CONDITION TO EXTENSION]**

2.6.10 Borrower shall pay all costs and expenses incurred by Bank in connection with the Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

3. PAYMENTS; CONVERSION.

3.1 Payments.

3.1.1 General Obligation. To induce Governmental Lender to issue the Funding Loan Notes, Borrower shall pay to Bank all amounts, including principal, interest and premium (if any) that become due and payable on the Funding Loan Notes, as and when such amounts become due and payable under the Funding Loan Notes. Without limitation on the foregoing, Borrower shall also pay to

Bank when due all other amounts described in this Agreement, as and when due and payable under this Agreement.

3.1.2 Interest.

(a) At all times from and after the Funding Date to (but excluding) the Conversion Date, the aggregate outstanding principal balance of the Borrower Note A-1 and the Borrower Note A-2 shall accrue interest at a rate which is 65% of the LIBOR Rate plus the Margin (applicable during the Construction Phase) for the then current Interest Period and the outstanding principal balance of the Borrower Note A-T shall accrue interest at a rate which is the LIBOR Rate plus the Margin (applicable during the Construction Phase) for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of the Borrower Loan.

(b) At all times from and after the Conversion Date, the aggregate outstanding principal balance of the Borrower Note A-1 and the Borrower Note A-2 shall accrue interest at a rate which is 65% of the LIBOR Rate plus the Margin (applicable during the Permanent Phase) for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of the Borrower Note A-1 and the Borrower Note A-2.

(c) At all times after the occurrence and during the continuance of an Event of Default, all principal outstanding under the Borrower Note shall accrue interest at the Default Rate.

3.1.3 Monthly Payments.

(a) Commencing on the First Payment Date and continuing on the 1st day of each calendar month thereafter through and including the Outside Conversion Date, payments in respect of the Borrower Loan shall be interest only, in arrears, on the outstanding principal of the Borrower Note at the Variable Rate. Interest shall be calculated on the basis of a year of 360 days, for actual days elapsed, prior to the Outside Conversion Date.

(b) Commencing on the Amortization Date and on the 1st day of each calendar month thereafter through the Maturity Date, Borrower shall pay to Bank monthly installments of principal with respect to the Borrower Note A-1 as set forth on Schedule 1 to be attached hereto and incorporated herein by this reference (the "Principal Payments"), plus interest accrued for the applicable Interest Period on the principal balance outstanding from time to time on the Borrower Note A-1 at the Variable Rate. Said principal and interest payments are hereinafter collectively referred to as the "Regular Payments" and are subject to change as and when the Variable Rate changes. The Regular Payments will be applied first to accrued but unpaid interest then due, and then to principal. A payment will be treated as made on the date it is received. At Conversion, Schedule 1 shall be prepared by Bank and attached to this Agreement and shall consist of a schedule of the monthly installments of principal required to fully amortize the outstanding principal balance of the Borrower Note A-1 owing on the Conversion Date, assuming equal monthly payments of principal and interest, an amortization period of three hundred sixty (360) months and a fixed rate of interest equal to the fixed rate or maximum interest rate of the Hedge in effect as of the Conversion Date. Bank shall provide Borrower with a copy of Schedule 1 once it is prepared by Bank, but the effectiveness and date of such payment shall not be affected by such notice or lack thereof. Bank's determination of said Regular Payments shall be conclusive absent manifest error. All computations of interest shall be made on the basis of a year of 360 days, for actual days elapsed. On the Maturity Date, all principal and accrued interest then outstanding with respect to the Borrower Note A-1 shall be immediately due and payable.

(c) Commencing on the Amortization Date and on the 1st day of each calendar month thereafter through the Maturity Date, Borrower shall pay to Bank monthly installments of principal with respect to the Borrower Note A-2 as set forth on Schedule 2 to be attached hereto and incorporated herein by this reference (the "Principal Payments"), plus interest accrued for the applicable Interest Period on the principal balance outstanding from time to time on the Borrower Note A-2 at the Variable Rate. Said principal and interest payments are hereinafter collectively referred to as the "Regular Payments" and are subject to change as and when the Variable Rate changes. The Regular Payments will be applied first to accrued but unpaid interest then due, and then to principal. A payment will be treated as made on the date it is received. At Conversion, Schedule 2 shall be prepared by Bank and attached to this Agreement and shall consist of a schedule of the monthly installments of principal required to fully amortize the outstanding principal balance of the Borrower Note A-2 owing on the Conversion Date, assuming equal monthly payments of principal and interest, an amortization period of one hundred eighty (180) months and a fixed rate of interest equal to the fixed rate or maximum interest rate of the Hedge in effect as of the Conversion Date. Bank shall provide Borrower with a copy of Schedule 2 once it is prepared by Bank, but the effectiveness and date of such payment shall not be affected by such notice or lack thereof. Bank's determination of said Regular Payments shall be conclusive absent manifest error. All computations of interest shall be made on the basis of a year of 360 days, for actual days elapsed. On the Maturity Date, all principal and accrued interest then outstanding with respect to the Borrower Note A-2 shall be immediately due and payable.

3.2 Conversion; Termination.

3.2.1 Not later than 30 days prior to the earlier to occur of the proposed Conversion Date or the Outside Conversion Date, Borrower shall deliver the Conversion Election Notice to Bank. The Conversion Election Notice shall be accompanied by (a) a written certification by Borrower to Bank that all of the Conditions to Conversion have been fully satisfied; (b) a rent roll covering the Property for each of the three full calendar months immediately preceding the date of the Conversion Election Notice, certified by Borrower as true, correct and complete; and (c) operating statements for the Property for each of such three calendar months, in the form required by Bank, and certified by Borrower to be true, correct and complete.

3.2.2 The Conditions to Conversion specified in Exhibit D shall be applicable to the Conversion. Bank shall have the right to waive any Condition to Conversion set forth in Exhibit D in Bank's sole and absolute discretion.

3.2.3 If, based upon the information delivered pursuant to Section 3.2.1 and such other information as Bank may require as evidence of satisfaction of the Conditions to Conversion, Bank determines that the Conditions to Conversion have been fully satisfied, Bank shall deliver the Conversion Notice, which Conversion Notice shall state the Conversion Date, a copy of Schedule "1" to be attached hereto setting forth the monthly installments of principal required to be paid by Borrower under the Borrower Note A-1, and a copy of Schedule "2" to be attached hereto setting forth the monthly installments of principal required to be paid by Borrower under the Borrower Note A-2, as more particularly set forth in Sections 3.1.3(b) above.

3.2.4 Upon Conversion (and so long as all Conditions to Conversion are satisfied) the following documents shall be deemed automatically terminated and shall have no further force or effect without any further action by any Loan Party: (i) the Guaranty (except for the Indemnity Agreement); (ii) the Assignment of Tax Credits and Partnership Interests, and (iii) the Assignment of Partnership Interest (GP).

3.2.5 If the Conditions to Conversion have not been fully satisfied prior to the Outside Conversion Date, as such date may be extended in accordance with this Agreement, Borrower shall pay to Bank, on the Outside Conversion Date, the entire outstanding principal balance of the Borrower Loan,

together with all accrued and unpaid interest thereon and other accrued and unpaid fees, costs and expenses owing under the Borrower Loan Documents and the Funding Loan Documents.

3.2.6 Non-Recourse After Conversion Date. From and after the Conversion Date, Governmental Lender and Bank agree that Governmental Lender's and Bank's recovery against Borrower in the event of a default under this Agreement, the Borrower Note or under any of the other Borrower Loan Documents shall be limited solely to, and Governmental Lender and Bank shall only proceed against, the Trust Estate (as defined in the Deed of Trust), together with the rents, issues, profits and income therefrom and proceeds and products thereof, and any other collateral given as security for Borrower's performance under the Borrower Loan Documents, and in no event shall (i) Borrower be personally liable for the payment of the Borrower Note or for the payment of any deficiency established upon foreclosure and the sale of the Trust Estate, or (ii) any other assets of Borrower (or any general partner of Borrower) be subject to levy, execution or other enforcement procedure in connection with any such default. Notwithstanding the foregoing, Borrower (and each general partner of Borrower) shall be fully and personally liable to Governmental Lender and Bank for the costs or damages arising from any of the following:

(a) gross negligence, fraud, willful misrepresentation or waste by Borrower, to the full extent of Governmental Lender's and Bank's loss attributable thereto;

(b) any inaccuracy in or breach of any representation or warranty pertaining to any Hazardous Substances (as that term is defined in that certain Environmental Compliance Agreement (the "ECA") executed in favor of Governmental Lender and Bank by Borrower concurrently herewith), any failure in the due, prompt and complete observance and performance of any covenant or other obligation imposed under or pursuant to the ECA, or the presence of any Hazardous Substance on, under or about the Trust Estate, whenever arising;

(c) failure to pay taxes, assessments or other charges which can create liens on any portion of the Trust Estate (to the full extent of any such taxes, assessments or other charges);

(d) any loss which would have been covered by insurance required to be maintained under the terms of any of the Borrower Loan Documents, which Borrower failed to maintain;

(e) failure to deliver to Bank any funds which should have been paid to Bank under the terms of the Borrower Loan Documents or the distribution of earnings or income from the Trust Estate in violation of the Borrower Loan Documents; or

(f) any loss resulting from any claim or cause of action by a contractor, material supplier or other person or entity entitled to file a mechanic's lien against the Trust Estate.

In addition, Borrower and each General Partner shall be fully and personally liable to Governmental Lender and Bank for the full amount of the Borrower Loan and all other obligations evidenced by the Borrower Loan Documents in the event (i) all or any part of the Trust Estate, other assets of Borrower or any ownership interest in Borrower is transferred in violation of the Borrower Loan Documents; (ii) any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief is commenced by or against Borrower or by or against any owner of the Property and, as to involuntary proceedings, is not dismissed within sixty (60) days; or (iii) Governmental Lender's or Bank's exercise of its rights and remedies under the Borrower Loan Documents is hindered, delayed, interfered with or prejudiced by or as a result of any act, omission, fraud or misrepresentation of Borrower or any other party now or hereafter liable for any part of the Borrower Loan.

The provisions hereof shall not be deemed to constitute a waiver of any obligation of Borrower or any other party or limitation of any kind of any right of Governmental Lender or Bank at law or equity or under any guaranty or other Borrower Loan Documents, provided that the assertion by Governmental

Lender or Bank of any such right shall not result in a monetary claim upon the general unsecured assets of Borrower except as provided herein.

3.3 Maturity Date. All unpaid principal and interest on the Borrower Loan and other amounts due under the Borrower Loan Documents and the Funding Loan Documents shall be due and payable in full on the Maturity Date, as such date may be extended or accelerated.

3.4 Application of Payments. All payments and prepayments received by Governmental Lender or Bank pursuant to the terms hereof shall be applied in the following manner: first, to the payment of any Late Charge then due; second to the payment of all expenses, charges, costs and fees (including, but not limited to, the Prepayment Fee) incurred by or payable to Governmental Lender or Bank by Borrower pursuant to the terms of the Borrower Loan Documents (in such order and manner as Bank, in its sole discretion, may elect); third, payable pro rata to the payment of all interest accrued to the date of such payment on the Borrower Note A-T, Borrower Note A-2, and Borrower Note A-1; and fourth payable pro rata to the payment of principal on Borrower Note A-T, Borrower Note A-2, and Borrower Note A-1. Notwithstanding anything to the contrary contained herein, after the occurrence and during the continuation of an Event of Default, all amounts received by Governmental Lender and Bank from any party shall be applied in such order as Bank in its sole discretion, may elect.

3.5 Acceleration. If any of the payments required by the terms hereof shall not be paid when due and such failure shall continue beyond any applicable notice and cure periods, or if the payment due on the Maturity Date is not paid when due, whether by acceleration or otherwise, or if an Event of Default occurs, then, or at any time thereafter, the whole of the unpaid principal and interest owing on the Borrower Loan shall, at the option of Bank and without notice, become immediately due and payable. This acceleration option may be exercised at any time after any such event and the acceptance of one or more installments or other payments from any Person thereafter shall not constitute a waiver of Bank's acceleration option. Bank's failure to exercise such acceleration option in connection with any particular event or series of events shall not be construed as a waiver of the provisions hereof as regards such events or any subsequent events. The other Borrower Loan Documents may contain provisions that provide for the automatic acceleration of amounts owing in connection with the Borrower Loan upon the occurrence of certain specified events. Bank shall have, and be entitled to exercise, upon the occurrence of any Event of Default or other event described above, all rights and remedies available to Bank hereunder, under the other Borrower Loan Documents or Funding Loan Documents or at law or in equity. All such rights and remedies shall be cumulative.

3.6 Late Charge; Default Interest. Borrower recognizes that any default by Borrower in making the payments required under the Borrower Loan Documents when due will result in Governmental Lender and Bank incurring additional expense in servicing the Borrower Loan, in loss of the use of the money due and in frustration of meeting commitments under the Funding Loan Documents. Borrower agrees that, if for any reason Borrower fails to pay when due any payment due under this Agreement or under any of the other Borrower Loan Documents, any amount advanced under the Deed of Trust or the amount due on the Maturity Date, or the accelerated Maturity Date, whichever shall first occur, Bank shall be entitled to damages for the detriment caused thereby, but that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore agrees that a reasonable estimate of such damages to Bank is as follows:

3.6.1 In the event Borrower fails to pay any installment of principal and interest (other than payment on the Maturity Date) within ten days after the same is due, then Borrower shall pay to Bank a Late Charge.

3.6.2 In the event Borrower fails to reimburse Bank for any amount advanced under the Deed of Trust within ten days after written notice of such advance is made by Bank to Borrower, then such unreimbursed amount shall thereafter bear interest at the Default Rate until paid, such interest to be compounded annually.

3.6.3 In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

3.7 Prepayment. Pursuant to the terms of this Section 3.7, the Borrower Loan may be prepaid by Borrower when and to the extent that the Funding Loan Notes are susceptible to prepayment under the Funding Loan Documents, provided that Borrower shall in no event voluntarily or involuntarily prepay the Borrower Loan in whole or in part unless Borrower pays to Bank, concurrently with such prepayment, a prepayment fee as calculated below.

3.7.1 Variable Rate Principal. Any Variable Rate Principal may be prepaid prior to the scheduled payment date, whether voluntary or involuntary, in whole or in part, provided Borrower has given Bank not less than five (5) business days prior written notice of Borrower's intention to make such prepayment and pays to Bank the prepayment fee due as a result. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Variable Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase a bid price regularly quoted securities issued by the United States having a Maturity Date most closely coinciding with the last day of the relevant Interest Period and such securities were held by Bank until the last day of the relevant Interest Period ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the last day of the relevant Interest Period, and the denominator of which is 360, and (iii) the amount of principal so prepaid. The present value shall be determined by discounting the above product to present value using the Yield Rate as the annual discount factor. Bank shall provide Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Bank establishes a Variable Rate upon the understanding that it apply to the Variable Rate Principal for the entire Interest Period, and (ii) Governmental Lender would not lend to Borrower at a Variable Rate without Debtor's express agreement to pay the prepayment fee described above.

3.7.2 No Prepayment Fee Due. Notwithstanding Section 3.7.1 above, no prepayment fee shall be payable (i) in connection with the prepayment of Variable Rate Principal in connection with the prepayment of principal during the ninety (90) day period immediately preceding the Outside Conversion Date or Maturity Date.

3.7.3 No Refund. In no event shall Bank be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under the prepayment formula exceed the interest that Governmental Lender would have received if no prepayment had occurred.

3.7.4 Payment of Accrued Interest. All prepayments shall include payment of accrued interest on the principal amount so prepaid, shall be applied to payment of interest before application to principal, and shall be applied to the most remote principal installment or installments then unpaid (i.e., the principal balance due on the Maturity Date and then against installments due closest to the Maturity Date).

3.7.5 Involuntary Prepayment. Such prepayment fee shall also be payable if prepayment occurs as the result of any involuntary prepayment (e.g., proceeds of insurance or condemnation or any prepayment required in order to satisfy the Conditions to Conversion) or the acceleration of the principal hereof by Bank because of any default by Borrower (including any transfer or conveyance of any right, title or interest in the real property encumbered by the Deed of Trust) that gives Bank the right to accelerate the maturity of the Borrower Loan pursuant to the terms of the Deed of Trust. If, following any such acceleration, all or any portion of the unpaid principal is satisfied, whether through sale of the property encumbered by the Deed of Trust or other agreement securing the Borrower Loan at a foreclosure held thereunder or through the tender of payment at any time following such acceleration,

but prior to such a foreclosure sale, then such satisfaction of principal shall be deemed an evasion of the prepayment provisions hereof, and Bank shall, automatically and without notice or demand, be entitled to receive, concurrently with such satisfaction of principal the prepayment fee set forth above, and the obligation to pay such prepayment fee shall be added to the principal hereof.

BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT GOVERNMENTAL LENDER WOULD NOT LEND TO BORROWER THE BORROWER LOAN EVIDENCED BY THE BORROWER NOTE WITHOUT BORROWER'S AGREEMENT TO PAY BANK A PREPAYMENT FEE AS SET FORTH ABOVE. BORROWER EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE BORROWER LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOVE SET FORTH. BORROWER ACKNOWLEDGES THAT PREPAYMENT OF THE BORROWER LOAN MAY RESULT IN GOVERNMENTAL LENDER AND BANK INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. BORROWER THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN PROVIDED FOR REPRESENTS A REASONABLE ESTIMATE OF THE PREPAYMENT COSTS, EXPENSES OR LIABILITIES GOVERNMENTAL LENDER AND BANK MAY INCUR ON A PREPAYMENT. BORROWER AGREES THAT GOVERNMENTAL LENDER'S WILLINGNESS TO OFFER THE VARIABLE RATE DESCRIBED ABOVE TO BORROWER IS SUFFICIENT AND INDEPENDENT CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY GOVERNMENTAL LENDER AND BANK FOR THIS WAIVER. BORROWER UNDERSTANDS THAT GOVERNMENTAL LENDER WOULD NOT OFFER SUCH AN INTEREST RATE TO BORROWER ABSENT THIS WAIVER. BORROWER HAS CAUSED THOSE PERSONS SIGNING THIS AGREEMENT ON ITS BEHALF TO SEPARATELY INITIAL THIS PARAGRAPH BY PLACING THEIR INITIALS BELOW:

BORROWER INITIALS HERE: _____

3.7.6 Certification. A certificate as to the amount of any prepayment fee payable under this Section, setting forth the basis for such fee, prepared by Bank and submitted to Borrower shall be conclusive as to the matters set forth therein, and the Borrower Loan shall not be deemed to have been fully paid or satisfied until such fee shall have been paid.

3.7.7 Effect of Prepayment on Hedge. Borrower and Bank hereby agree that, in accordance with and subject to the terms of any Hedge Documents, any Hedge entered into between Borrower and Bank in connection with the Borrower Loan shall, upon the making of any prepayment of amounts outstanding under the Borrower Loan, be subject to an Additional Termination Event (as defined in such Hedge Documents) and may be terminated as and to the extent more particularly provided in the documents and agreements evidencing such Hedge. Any amounts (which may be substantial) payable by Borrower to Bank, or by Bank to Borrower in respect of such full or partial termination of such Hedge shall be determined under the terms and conditions of the Hedge Documents relating to such Hedge.

3.8 Additional Fee Payment Obligations. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Borrower Loan Document or Funding Loan Document, shall be due and payable by Borrower to Bank the date monthly payments are due pursuant to Section 3.1.3 commencing in the month following the month in which the Conversion Date occurs in accordance with the applicable Borrower Loan Document or Funding Loan Document.

4. CONDITIONS PRECEDENT.

4.1 Conditions to Closing of the Borrower Loan. Prior to the Closing Date, Bank shall have received all of the following documents, instruments and other items (each of which, in the case of documents or instruments, shall be fully and properly executed and, where required by Bank, acknowledged by all parties thereto), each in form and content acceptable to Bank:

4.1.1 The original Borrower Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Bank, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

4.1.3 Evidence that the insurance required by the Agreement to Furnish Insurance is in full force and effect.

4.1.4 All Borrower's Funds required under this Agreement.

4.1.5 Copies of the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect's Agreement, and any other agreements that Bank determines are material to the construction of the Improvements, all certified as required by Bank.

4.1.6 Copies of the building permits or permit-ready letter which provide the only condition to issuance of the building permits is the payments of the fees with respect to such building permits and any other authorizations required from any Governmental Authority in connection with construction of the Improvements.

4.1.7 If required by Bank, a current ALTA survey of the Real Property, including dimensions and delineation and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.

4.1.8 If required by Bank, letters from local utility companies and any Governmental Authority stating that electric, gas, sewer, water, cable and telephone facilities are or will be available to the Real Property upon completion of the Improvements.

4.1.9 Written results of such due diligence investigations with respect to Borrower, any Loan Party and the Property as Bank deems necessary, including without limitation, environmental reviews, engineering inspections, seismic studies and financial analysis.

4.1.10 An opinion of Borrower's counsel as to (a) the proper formation, valid existence and good standing of Borrower and all Loan Parties, (b) the due authorization and execution of all Borrower Loan Documents and any Hedge Documents with Bank by Borrower and all Loan Parties, (c) whether all necessary consents have been obtained with respect to the Borrower Loan and any Hedge Documents with Bank, (d) the absence of any threatened or pending actions, suits or proceedings against or affecting the Property, Borrower or any Loan Party, (e) the violation of any agreements to which Borrower or any Loan Party is bound, and (f) such other matters as Bank may determine to be necessary or appropriate.

4.1.11 A performance bond naming Governmental Lender and Bank as co-obligee and a labor and material payment bond, in an amount equal to the amount of the Construction Contract, or if there is no Construction Contract, then in such amounts as Bank may require, issued by a surety acceptable to Bank and otherwise in form and content acceptable to Bank. The performance and the labor and material bonds shall have been recorded in the official records of the county in which the Real Property is located prior to the commencement of work on the Improvements.

4.1.12 Copies of the AHSC Permanent Loan Standard Agreement and an estoppel certificate with respect thereto ("AHSC Permanent Loan Estoppel"), each in form and content acceptable to Bank.

4.1.13 Such evidence as Bank may reasonably require to confirm the accuracy of the representations and warranties set forth in Section 6.29 of this Agreement.

4.1.14 Copies of the Subordinate Documents (excluding the AHSC Permanent Loan Documents except as otherwise provided in Section 4.1.12 above) and the AHAP Contract, each in a form acceptable to Bank.

4.1.15 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.48, with respect to (i) the Borrower Note A-1 in an amount not less than [\$16,353,798] **[CHECK]**, which provides for a fixed rate of interest on the Borrower Note A-1 not to exceed (or otherwise protects against the interest rate on the Borrower Note A-1 exceeding) [___%] **[CHECK]** (including the Margin), for the period commencing on the Initial Conversion Date through the Initial Maturity Date, and (ii) the Borrower Note A-2 in an amount not less than [\$2,846,202] **[CHECK]**, which provides for a fixed rate of interest on the Borrower Note A-2 not to exceed (or otherwise protects against the interest rate on the Borrower Note A-2 exceeding) [___%] **[CHECK]** (including the Margin), for the period commencing no later than the Initial Conversion Date (as defined in Section 2.6 above) through the Initial Maturity Date (as defined in Section 2.6 above).

4.1.16 Such other documentation, certifications, opinions and information as may be reasonably required by Governmental Lender or Bank.

4.1.17 [Borrower shall have delivered to Bank reservation of funds letters duly executed by HCD with respect to each of the Infill Grant [and the AHSC Grant] **[CHECK]**, each in form and substance acceptable to Bank, pursuant to which HCD confirms that it has reserved the funds for the Infill Grant [and the AHSC Grant] **[CHECK]** exclusively for the Project and that each of the conditions to the first disbursement of such funds have been satisfied.]

4.1.18 Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

4.2 Conditions to Issuance of the Funding Loan Notes. Governmental Lender's obligation to execute the Funding Loan Notes, and Governmental Lender's and Bank's obligation to enter into this Agreement, the other Borrower Loan Documents and the Funding Loan Documents, and to make the Initial Disbursement, are subject to the satisfaction, or waiver by Governmental Lender or Bank, as applicable, each of the conditions in Section 4.1 and of all of the following conditions precedent:

4.2.1 Governmental Lender and Bank shall have received fully executed originals of each of the Borrower Loan Documents and the Funding Loan Documents.

4.2.2 The Tax-Exempt Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Governmental Lender and Bank.

4.2.3 Each of the Recorded Documents shall have been recorded in the Official Records of the county in which the Real Property is located.

4.2.4 The Financing Statements have been filed with the Secretary of State of California, and Bank shall have received a certificate of the Secretary of State showing such Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens) except as otherwise agreed to by Bank.

4.2.5 Title Insurer shall have committed to deliver to Bank the Title Policy.

4.2.6 Bank and Governmental Lender shall have received and approved an executed original of each of the following opinions, in each case addressed to each of Governmental Lender and Bank and in each case in form and substance approved by Governmental Lender and Bank: (a) the

opinion of counsel to Borrower and the other Loan Parties, opining as to the due formation, qualification and good standing of Borrower and the other Loan Parties, the due authorization by Borrower and the Loan Parties of the execution, delivery and performance of the Borrower Loan Documents, and the enforceability of the Borrower Loan Documents, and covering such other matters as Bank may require; and (b) an opinion of Tax Counsel, opining as to the due organization and valid existence of the Governmental Lender, due execution and delivery by the Governmental Lender of the Funding Loan Agreement, and this Agreement, the enforceability of the Funding Loan Agreement and this Agreement, and the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes.

4.2.7 Bank shall have received and approved such Financial Statements and other financial information as it may require regarding the financial condition of Borrower, the Loan Parties and/or the Property.

4.2.8 Bank shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Funding Loan Notes, and (ii) all sources for payment of such costs and expenses.

4.2.9 To the extent not funded from the Initial Disbursement, Borrower shall have paid to Governmental Lender and Bank, as applicable, in immediately available good funds (a) all costs and expenses incurred by Governmental Lender and Bank in connection with the Funding Loan, the making of the Borrower Loan and the negotiation, preparation and closing of the Borrower Loan Documents and Funding Loan Documents, (b) the Tax Counsel fees and expenses due and payable; and (c) all of fees to Governmental Lender then due and payable.

4.2.10 Borrower shall have delivered to Bank, and Bank shall have approved such information, and/or documentation as Bank may require to evidence that paragraph (1) of Section 42(h) of the Code does not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

4.2.11 Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5. DISBURSEMENTS.

5.1 Initial Disbursement.

5.1.1 Prior to the Initial Disbursement, the following conditions shall have been satisfied in addition to the conditions set forth in Sections 4.1 and 4.2, as determined by Bank:

(a) Borrower and all Loan Parties shall have performed to Bank's satisfaction all covenants required to be performed under this Agreement, the other Borrower Loan Documents and the Funding Loan Documents on or before the Funding Date.

(b) No change shall have occurred that could have a material adverse effect on Borrower, any Loan Party, the Property or Bank's right or ability to receive payment in full of the Borrower Loan, as determined by Bank in its sole discretion.

(c) No Event of Default shall exist.

(d) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(e) Bank shall have approved in its sole discretion, the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect's Agreement, and any other agreements that Bank determines are material to the construction of the Improvements.

(f) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(g) If required by Bank, Bank shall have received a list of the names and addresses of all suppliers, laborers and subcontractors with whom agreements have been made with Contractor and/or Borrower to deliver materials and/or perform work on the Improvements.

(h) Such evidence as Bank may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least [\$_____] [CHECK].

(i) [The entire amount of the City Loan and \$1,500,000 of the County Loan shall have been fully disbursed by the City and the County, as applicable, to or for the account of Borrower and applied towards Project costs.] [CHECK: **CONFIRM TIMING OF FUNDING OF SUBORDINATE LOANS**]

(j) [[[\$_____] [CHECK] of the Sponsor Infill Loan designated for payment of infrastructure costs and [\$_____] [CHECK] of the Sponsor AHSC Loan designated for payment of [_____] [CHECK] costs shall have been fully disbursed by Sponsor to or for the account of Borrower and applied towards such costs, as applicable.] [CHECK: **CONFIRM PORTION OF SPONSOR LOANS FUNDED AT CLOSING**]

(k) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Bank, on behalf of Governmental Lender, shall make an Advance in accordance with the Project Budget and the Disbursement Schedule the amounts necessary to pay all costs, charges and expenses incurred or to be incurred (as estimated by Bank) in connection with the Borrower Loan or payable pursuant to this Agreement or the other Borrower Loan Documents, excluding direct costs of labor and materials related to the Improvements, but including without limitation, the Loan Fee, service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, real property taxes and assessments, insurance premiums any amounts required to pay existing encumbrances affecting the Property, and any amounts required to complete purchase of the Real Property.

5.2 Subsequent Disbursements.

5.2.1 Prior to making any Advances after the Initial Disbursement, except for the final Advance, the following additional conditions shall have been satisfied, as determined by Bank:

(a) All specific requirements for the disbursement set forth in the Disbursement Schedule shall have been satisfied.

(b) No Event of Default shall exist.

(c) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(d) The Improvements shall not have been damaged by fire or other casualty unless Bank has determined that Bank will receive proceeds sufficient in Bank's judgment to effect the

satisfactory restoration of the Improvements and permit Project Completion prior to the Completion Date.

(e) If required by Bank, Bank shall have received confirmation to its satisfaction that (A) to date, the Improvements have been constructed in accordance with the Plans and the Construction Contract (if any), and (B) the present state of construction of the Improvements will, barring the unforeseen and unknown delays, permit Project Completion on or before the Completion Date.

(f) If Bank has determined that the undisbursed proceeds of the Borrower Loan, together with the undisbursed amount of the Sponsor AHSC Loan designated for payment of [] [CHECK] costs, the undisbursed amount of the Sponsor Infill Loan designated for payment of infrastructure costs, and the undisbursed amount of the other Subordinate Loans (excluding the AHSC Permanent Loan and the AHP Loan) designated for payment for construction of the Improvements and Borrower's Funds (if any), are insufficient to pay all costs to complete construction of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrowers' Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Bank, (A) Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Real Property; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made, and (B) upon completion of the foundation, Title Insurer shall have issued its foundation endorsement to the Title Policy insuring Bank that the foundation is constructed wholly within the boundaries of the Real Property and does not encroach on any easements or violate any covenants, conditions or restrictions or any Governmental Requirement.

(h) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(i) All amounts deposited into the Borrower's Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement.

(j) If requested by Bank, (a) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance of the Tax Credit Investor Estoppel Certificate, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, and (b) each Subordinate Lender shall have executed and delivered to Bank an estoppel certificate in a form and substance which shall contain such certifications as Bank shall reasonably require with respect to the applicable Subordinate Documents.

(k) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), on or about the first day of each calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit and that pro-rata portion of overhead of Contractor attributable to the construction of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Bank for payment. Upon verification of the accuracy of the Draw Request by inspection of the Real Property and Improvements (if required by Bank), Governmental Lender shall disburse the amount of the respective approved Draw Request in accordance with the

Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bank's option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Bank, through a fund control service acceptable to Bank under a fund control agreement in form and content acceptable to Bank.

5.3 Final Disbursement.

5.3.1 Prior to making the final Advance, the conditions set forth in Sections 5.1, 5.2 and 5.4 (as applicable) and the following conditions shall have been satisfied, as determined by Bank:

(a) Bank shall have received confirmation to its satisfaction that the Improvements have been completed in accordance with the Plans and the Construction Contract (if any).

(b) If required by Bank, Bank shall have received a copy of the final certificate of occupancy (or its equivalent as determined by Bank) issued by the appropriate Governmental Authority.

(c) Bank shall have received evidence that Borrower has recorded a notice of completion (or its equivalent as determined by Bank) with respect to the Improvements.

(d) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof, or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender's and Bank's interest under the Deed of Trust as a first lien on the Real Property, excepting only such items as shall have been approved in writing by Bank.

(e) If requested by Bank, (a) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance of the Tax Credit Investor Estoppel Certificate, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, and (b) each Subordinate Lender shall have executed and delivered to Bank an estoppel certificate in a form and substance which shall contain such certifications as Bank shall reasonably require with respect to the applicable Subordinate Documents.

(f) [Any remaining undisbursed City Loan proceeds and AHP Loan proceeds, and the remaining undisbursed County Loan proceeds held back at the closing of the Borrower Loan in the amount of \$500,000 shall have been fully disbursed by the County to or for the account of Borrower and applied towards Project costs.] **[CHECK: CONFIRM TIMING OF FUNDING OF SUBORDINATE LOANS]**

(g) [The remaining undisbursed Sponsor Infill Loan proceeds designated for payment of infrastructure costs and the remaining undisbursed Sponsor AHSC Loan proceeds designated for payment of _____] **[CHECK]** costs shall have been fully disbursed by HCD to or for the account of Borrower and applied towards such costs, as applicable.] **[CHECK: CONFIRM TIMING OF FUNDING OF SPONSOR LOANS]**

(h) If requested by Bank, Bank shall have received an updated duly executed AHSC Permanent Loan Estoppel, in a form acceptable to Bank.

5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this

Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3 and 5.4 (as applicable).

5.4 Additional Conditions to Advances. Bank shall have the right to condition any Advance upon Bank's receipt and approval of the following, each in form and content acceptable to Bank:

5.4.1 The Draw Request.

5.4.2 Bills, invoices, documents of title, vouchers, statements, receipts and any other documents evidencing the total amount expended, incurred or due for any requested line item shown in the Project Budget.

5.4.3 Evidence of Borrower's use of a lien release, joint check or voucher system acceptable to Bank for payments or disbursements to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements.

5.4.4 Architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and any Governmental Requirement based upon such architect's, inspector's and/or engineer's periodic physical inspections of the Real Property and Improvements.

5.4.5 Waivers and releases of any mechanic's lien, stop notice claim, equitable lien claim or other lien claim rights.

5.4.6 Any other documents, requirements, evidence or information that Bank may request under any provision of the Borrower Loan Documents.

5.4.7 Evidence that any goods, materials, supplies, fixtures or other work in progress for which disbursement is requested have been incorporated into the Improvements.

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower's ownership thereof and Bank's security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bank's request, a security agreement, financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Bank executed by the supplier of the Offsite Materials, and/or such other Persons as Bank determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bank may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

5.4.9 In the event any Draw Request includes the cost of Onsite Materials, such Draw Request shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Real Property for which adequate security is provided against theft and vandalism.

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Bank that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to construct the Improvements and to perform Borrower's obligations under the Borrower Loan Documents and Funding Loan Documents. Bank shall not be required to make any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Bank be required to make any Advance for any line item in the

Project Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Bank reserves and shall have the right to make Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Bank may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Bank.

5.5.3 All Advances shall be made in accordance with the applicable provisions of the Project Budget and the Disbursement Schedule. All funds disbursed to Borrower shall be received by Borrower in trust and Borrower agrees that such funds shall be used only for the payment of those items contemplated by the particular Advance.

5.5.4 Bank shall not be required to disburse an aggregate amount of the proceeds of the Borrower Loan for labor furnished to and materials incorporated into the Improvements during any stage of construction that exceeds the lesser of (a) the value of such labor and materials, and (b) the amount allocated to that stage of construction in the Project Budget. In any event, Bank shall not be required to disburse any amount that, in Bank's opinion, will reduce that portion of the undisbursed proceeds of the Borrower Loan designated for completion of the Improvements below the amount needed to pay for the labor and materials necessary to complete the Improvements.

5.5.5 Except for amounts required to pay costs of issuance at the Initial Disbursement, all Advances shall be first made from Borrower Note A-2 until fully disbursed, and then from Borrower Note A-1 until fully disbursed, and then from Borrower Note A-T.

5.6 Disbursement into Borrower's Funds Account. If the Borrower Loan has not been fully disbursed by December 1, 2019 and the Conversion has not yet occurred, the Bank may, in its discretion, disburse all or any portion of the undisbursed portion of the Borrower Loan into the Borrower's Funds Account, at which time the Borrower Loan proceeds so advanced shall constitute Borrower's Funds, if Bank obtains an opinion of Tax Counsel to the effect that the draw of Borrower Loan proceeds as represented by Borrower Note A-1 and Borrower Note A-2 after December 31, 2019 will adversely affect the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes. The portion of the Borrower Loan disbursed into the Borrower's Funds Account shall be deemed outstanding as of the date advanced into the Borrower's Funds Account and will immediately commence to accrue interest as provided in Section 3.1.2. All Borrower Loan funds disbursed into the Borrower's Funds Account as Borrower's Funds shall continue to be disbursed by Bank pursuant to the provisions of this Section 5 and the Disbursement Schedule.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower makes the following representations and warranties for the benefit of Governmental Lender and Bank, each of which is material and is relied upon by Governmental Lender in making the Borrower Loan and Governmental Lender and Bank in executing this Agreement. Each of the following representations and warranties shall be true and accurate as of the Contract Date, the Closing Date and upon disbursement of the Initial Disbursement and each Advance. Borrower agrees that such representations and warranties shall survive and continue until full and final payment of all sums owed under the Borrower Loan Documents.

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower's organization, existence and the transaction of Borrower's business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower's obligations under each of the Borrower Loan Documents and the Funding Loan Documents, and Borrower is authorized to construct the Improvements and to own and operate the Property.

6.2 No Defaults Under Existing Agreements. The transactions contemplated hereby and the performance by Borrower of Borrower's obligations under the Borrower Loan Documents and the

Funding Loan Documents will not result in any breach of or default under any deed of trust, mortgage, lease, loan, security agreement or any other agreement to which Borrower is a party or may be bound or affected.

6.3 No Actions. There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Borrower Loan Document or Funding Loan Documents or affecting Bank's right to receive payment in full of all amounts outstanding under this Agreement, the other Borrower Loan Documents or the Funding Loan Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Borrower Loan Documents or any Funding Loan Documents, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order.

6.4 Other Liens. Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with the Architect, the Contractor or the subcontractors if there is no Contractor.

6.5 Leases. All Leases are in full force and effect, there are no defaults under any of the provisions thereof by any party thereto, and all conditions to the effectiveness or continuing effectiveness of the Leases required to be satisfied as of the date hereof have been satisfied.

6.6 Financial Statements. The Financial Statements delivered to Bank by Borrower and any Loan Party are true and correct in all material respects, have been prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied, and fairly present the financial condition(s) of the Person(s) referred to therein as of the respective dates; no materially adverse change has occurred in the financial condition reflected in any such financial statement since the date shown thereon, and no additional material liabilities have been incurred by any such Person since the date thereof other than the borrowing contemplated hereby or other borrowing disclosed in writing to and approved by Bank.

6.7 Compliance With Laws. The Property and the actual use thereof by Borrower complies in all material respects with all Governmental Requirements. Borrower has received no notices of violations of any Governmental Requirement.

6.8 Permits, Approvals, Licenses. Borrower has obtained all licenses, permits and approvals necessary for the ownership, construction operation and management of the Property, including all approvals essential to the transactions contemplated by this Agreement, the Funding Loan Documents, the Borrower Loan Documents and any other documents contemplated hereby or thereby

6.9 Ownership of Real Property. Borrower has, or as of the Closing Date will have, and will continue to have fee simple title to Real Property, subject only to the Permitted Liens. The Borrower is the sole borrower under the Borrower Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

6.10 Ownership of Personal Property. Borrower owns directly all of the Personal Property free and clear of all liens, encumbrances and adverse claims and the security interest of Bank in the Personal Property shall be a first lien thereon.

6.11 Other Financing. Except for the Subordinate Loans or as otherwise disclosed in writing to Bank and approved by Bank in writing prior to the Closing Date, Borrower has not received other financing for either the acquisition of the Property or the construction and installation of the Improvements.

6.12 Plans, Defects. The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Bank by Borrower.

6.13 Utilities. All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Real Property or all necessary steps have been taken by Borrower and applicable Governmental Authorities to assure the complete construction and installation thereof, including water supply, storm drain and sanitary sewer facilities, and gas, electric, cable and telephone facilities.

6.14 Roads. All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete construction thereof.

6.15 CC&Rs, Zoning. Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with, all covenants, conditions, restrictions, reservations and zoning ordinances affecting the Property.

6.16 Finder's Fees. Borrower has not dealt with any Person who is or may be entitled to any finder's fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, consummation of the transactions contemplated hereby, or the making of the Borrower Loan to Borrower.

6.17 Draw Request. Each Draw Request shall be true, complete and accurate and the submission of same shall constitute a reaffirmation of the representations, warranties and covenants contained herein.

6.18 Other Information. No information, statement or report furnished in writing to Governmental Lender or Bank by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Funding Loan Documents or the other Borrower Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Funding Loan Notes) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

6.19 No Default. No event has occurred and no condition exists with respect to Borrower, any Loan Party or the Property that would constitute an Event of Default or with the giving of notice or passage of time, or both, if not cured would become an Event of Default.

6.20 Tax Certificate. Borrower has complied with all terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations set forth in the Tax Certificate pertaining to Borrower and the Property are true and accurate.

6.21 Regulatory Agreement. Borrower is not in default under the Regulatory Agreements. The Property is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. Borrower intends to cause the residential units at the Property to be rented or available for rental on a basis that satisfies the requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. All Leases will comply with all Governmental Requirements and the Regulatory Agreements. The Property meets the requirements of this Agreement, the Regulatory Agreements, the Act and the Code with respect to multifamily rental housing.

6.22 No Governmental Lender Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that Person's own, name or in the name of any other Person, in the Funding Loan Notes, the Funding Loan Documents, the Borrower Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Funding Loan Documents or the Borrower Loan Documents.

6.23 Authorizations and Consents. No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any Governmental Authority not already obtained or made (or to the extent not yet obtained or made Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Agreement, the Funding Loan Documents, the Borrower Loan Documents or any other documents contemplated by this Agreement, the Funding Loan Documents or the Borrower Loan Documents, or the performance of the terms and provisions hereof or thereof by the Borrower.

6.24 No Reliance. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Property; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Governmental Lender is a party or of which it is a beneficiary including, without limitation, the Funding Loan Agreement; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Property; and that it has not relied on the Governmental Lender or Bank for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Funding Loan Agreement or otherwise relied on Governmental Lender, Bank or Bank in any manner.

6.25 Environmental Matters. Borrower has not received any notice that it or the Property is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (collectively "Environmental Laws"), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain "hazardous materials" (as defined in the Environmental Laws), nor has Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any

site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

6.26 ERISA. Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974, as amended, and the Department of Labor regulations thereunder, with the Code and with terms of such plan or plans with respect to each pension or welfare benefit plan to which Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

6.27 Tax-Exempt Notes. The weighted average maturity of the Tax-Exempt Notes does not exceed 120% of the average reasonably expected economic life of the Property financed with the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-2. The Tax-Exempt Notes are not and shall not be "federally guaranteed" as defined in Section 149(b) of the Code. Borrower intends to hold the Property for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Property.

6.28 AHSC Permanent Loan Standard Agreement. The AHSC Permanent Loan Standard Agreement are unmodified, in full force and effect, and all conditions to the effectiveness or continuing effectiveness of the AHSC Permanent Loan Standard Agreement required to be satisfied by the date hereof have been satisfied.

6.29 Tax Credit Allocation Documents Effective. The Tax Credit Allocation Documents are in full force and effect and have not been revoked, amended or modified in any way. Borrower knows of no reason why Project Completion could not occur on or before the Completion Date.

6.30 Satisfaction of Conditions under Tax Credit Allocation Documents, Subordinate Documents, AHAP Contract and HAP Contract. Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents, the Subordinate Documents, the AHAP Contract and the HAP Contract (after the HAP Contract has been fully executed) required to be performed or satisfied as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

6.31 Intentionally Omitted.

6.32 Tax Credits Not Subject to State Ceiling. Fifty Percent (50%) or more of the aggregate basis of the Improvements and Borrower's interest in the Property will be financed with proceeds from the Tax-Exempt Notes and, therefore, paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

6.33 Additional Representations and Warranties. Borrower also makes the representations and warranties set forth in Section 5.5.4 of the Special Conditions attached hereto as Exhibit C.

7. BORROWER'S COVENANTS. Borrower covenants and agrees with Governmental Lender and Bank that until the full and final payment of all sums owed under the Borrower Loan Documents and the Funding Loan Documents, unless Bank waives compliance in writing:

7.1 Application of Advances. Borrower shall receive the Advances made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such Advance.

7.2 Borrower's Funds. At the time and in amounts required by Bank, Borrower shall deposit Borrower's Funds into the Borrower's Funds Account. Should it appear at any time in Bank's judgment that the sum of undisbursed proceeds of the Borrower Loan and the then balance of the Borrower's Funds Account are insufficient to provide the financing for completion of the Improvements, Borrower shall pay to Bank, within ten days following receipt of written demand by Bank, an amount equal to such deficiency for deposit into the Borrower's Funds Account.

7.3 Lien Priority. At Borrower's sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property.

7.4 Construction Start and Completion.

7.4.1 Borrower shall not commence construction of the Improvements, including, but not limited to, grading and site clearance, and shall not undertake any other act on the Real Property prior to recordation of the Deed of Trust, the result of which would cause any mechanics' or materialmen's lien thereafter filed to take priority over the lien of the Deed of Trust, unless prior arrangements satisfactory to both Bank and Title Insurer have been made.

7.4.2 Borrower shall cause construction of the Improvements to be commenced not more than 30 days after the recordation of the Deed of Trust.

7.4.3 Borrower shall cause (a) the Improvements to be constructed in a good and workmanlike manner, with materials of high quality, and in accordance with the Plans, Governmental Requirements and sound building and engineering practices, (b) the construction of the Improvements to be prosecuted with diligence and continuity and completed in accordance with the Plans and to otherwise cause Project Completion to occur on or before the Completion Date, free and clear of liens or claims for liens, and (c) all licenses and permits necessary for the occupancy, use or sale of the Improvements to be issued. Borrower shall promptly commence and diligently proceed with the Project.

7.4.4 Borrower shall complete the construction of the Improvements on or before the Completion Date. The construction of the Improvements shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower's obligations to pay and discharge or cause the release of any mechanics' lien, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

7.5.1 Borrower shall not permit any change in the Plans without Bank's prior consent if any such change (a) constitutes a material change in material or equipment specifications, architectural or structural design, or the value or quality of the Improvements, or (b) would result in an increase or decrease in the cost of construction of the Improvements in excess of the Single Change Order Limit for any single change, or in excess of the Aggregate Change Order Limit for all changes.

7.5.2 Borrower shall submit any proposed change in the Plans to Bank not later than ten Business Days prior to the commencement of construction relating to such change.

7.5.3 Borrower shall deliver to Bank in connection with any proposed change requiring Bank's prior written consent (a) a written request therefor, together with working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bank and executed by Borrower, Architect and Contractor, and (b) evidence satisfactory to Bank as to the cost and time necessary to complete the proposed change.

7.5.4 Prior to permitting any change in the Plans requiring Bank's consent, Borrower shall satisfy any condition of Bank's consent, including, but not limited to, depositing funds to cover any increased Construction Costs into the Borrower's Funds Account as required by Bank, which Bank is authorized to disburse in accordance with the Project Budget and the Disbursement Schedule for payment of such Change Orders upon completion of such changes to Bank's satisfaction.

7.6 Detailed Cost Breakdown. Borrower shall not modify the Project Budget or the Detailed Cost Breakdown without Bank's prior written consent, which consent may be conditioned upon, among other things, (a) Bank's receipt of evidence satisfactory to Bank that the change in the Project Budget or the Detailed Cost Breakdown is reasonably necessary, and (b) Bank's confirmation that, in the opinion of Bank, sufficient funds remain in the undisbursed proceeds of the Borrower Loan (and in the Borrower's Funds Account, if any) to pay for all remaining direct or indirect costs to complete construction of the Improvements.

7.7 Contractor Covenants. Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Bank the names of all Persons with whom Contractor has contracted or intends to contract for construction of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Bank.

7.8 Construction Contract Only. Borrower shall not execute any contract or become party to any arrangement for the performance of work on the Real Property with any Person except Contractor, and if there is no Contractor, Borrower shall contract only with major subcontractors approved by Bank for the performance of work on the Real Property.

7.9 Paid Vouchers. Borrower shall deliver to Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

7.10 Application of Disbursements. Borrower shall receive the disbursements to be made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such disbursement.

7.11 Foundation Completion. Borrower shall notify Bank immediately upon completion of the foundation of the Improvements and, if required by Bank, deliver to Bank, promptly after completion of the foundation, a foundation survey in form satisfactory to Bank and Title Insurer.

7.12 Personal Property Installation. Without Bank's written consent, Borrower shall not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract giving any Person other than Borrower any right or title to such property.

7.13 Defect Corrections. Upon demand of Bank, Borrower shall correct any defect in the Improvements or any departure from the Plans not approved by Bank.

7.14 Stop Notices; Mechanic's Liens. If (a) a bonded stop notice is received by Bank that Bank believes requires the withholding of funds from any Advance or from any disbursement of proceeds from the Borrower's Funds Account, or (b) a mechanics' lien, material supplier's lien or other construction lien is recorded against the Real Property, then Borrower shall within 20 days of such receipt or recordation or within five days of Bank's demand (whichever first occurs):

7.14.1 pay and discharge same;

7.14.2 effect the release of same by recording a surety bond in sufficient form and amount issued by a surety acceptable to Bank; or

7.14.3 provide Bank with such other assurance as Bank, in its sole discretion, deems to be satisfactory for the payment of, and protection of Bank from, such lien or bonded stop notice.

7.15 Record Keeping, Financial and Other Information. Borrower shall keep and maintain full and complete books of account and other records reflecting the results of operations of the Property in

accordance with accounting practices and principles acceptable to Bank and consistently applied, and shall furnish or cause to be furnished to Bank such financial information concerning Borrower, each Loan Party and the Property as Bank may require, including but not limited to:

7.15.1 within 45 days after the close of each quarter, except for the final quarter of each year, Borrower's and Guarantor's Financial Statement as of the close of such period,

7.15.2 within 180 days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Loan Party,

7.15.3 within 30 days after written request by Bank, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party, together with all supporting schedules,

7.15.4 within 30 days after written request by Bank, the Financial Statements of all affiliates and subsidiaries of Borrower and each Loan Party,

7.15.5 within 30 days of the final quarter of each year, a projected cash flow statement for the next succeeding calendar year for Guarantor, and

7.15.6 promptly, upon request, any other financial information requested by Governmental Lender and Bank.

7.16 Post-Construction Financial Reporting. Upon completion of construction of the Improvements, Borrower shall furnish to Bank, without prior request or demand:

7.16.1 Within thirty (30) days after the close of each calendar month prior to Conversion and, thereafter within thirty (30) days of written request by Bank, a monthly or quarterly (as applicable) Operating Statement, a current rent roll and, if retail property, a schedule of gross sales; and

7.16.2 Within 120 days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Audit and Inspection Rights. Borrower shall permit any representative of Governmental Lender or Bank, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustor or beneficiary of Borrower.

7.19 Payment of Lawful Claims. Borrower shall pay or discharge all lawful claims, including taxes, assessments and governmental charges or levies imposed upon Borrower or Borrower's income or profits or upon any property belonging to Borrower prior to the date upon which any penalties attach; provided that Borrower shall not be required to pay any such tax, assessment, charge or levy, the payment of which is being contested in good faith and by proper proceedings and for which Borrower is maintaining adequate reserves in accordance with generally accepted accounting principles.

7.20 Payment of Costs. Borrower shall pay all costs and expenses incurred by Bank in connection with the enforcement by Bank of any of Borrower's obligations under this Agreement or the other Borrower Loan Documents, and the preparation of this Agreement and the other Borrower Loan Documents, including but not limited to (a) all appraisal fees, cost engineering and inspection fees, legal fees and expenses (including the fees and costs of in-house counsel and legal staff), accounting fees, environmental consultant fees and costs of title insurance, survey, seismic, escrow and other fees and charges, and (b) all taxes and recording expenses, including stamp taxes, if any.

7.21 Approval of Easements and Other Documents. Borrower shall submit to Bank for Bank's approval all prospective easements, private or public dedications, and declarations of covenants, conditions and restrictions intended to affect the Real Property and Bank's approval shall be obtained in writing prior to the execution or granting thereof by Borrower. Borrower's request for approval of any prospective easement or private or public dedication shall be accompanied by a drawing or survey showing the precise location of such prospective easement or private or public dedication. Borrower's request for approval of any prospective declaration of covenants, conditions and restrictions shall be accompanied by a description of the property affected thereby.

7.22 Compliance with Laws; Preservation of Rights. Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon and therefrom. If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.

7.23 Notices. Borrower shall promptly notify Bank and the Governmental Lender in writing of:

7.23.1 the occurrence of any Event of Default;

7.23.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower's ability to timely perform any of Borrower's obligations under any of the Borrower Loan Documents and the Funding Loan Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Tax-Exempt Notes; and

7.23.3 any notice that the Improvements or construction thereof, the Property or Borrower's business fails in any respect to comply with any applicable Governmental Requirement.

7.24 Indemnity.

7.24.1 Except to the extent solely due to Bank's gross negligence and willful misconduct, Borrower shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any and all liabilities, claims, actions, proceedings, damages, costs and expenses (including all attorney's fees, including, but not limited to, the fees and costs of any of such party's in-house counsel and legal staff) arising out of or resulting from:

(a) The Borrower Loan, the Borrower Loan Documents, the Funding Loan Documents, the Regulatory Agreements, the Subordinate Documents, the AHAP Contract, the HAP Contract or the execution or amendment or performance thereof or in connection with the transactions contemplated therein, including the issuance, sale and/or resale of the Funding Loan Notes.

(b) Any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby.

(c) The development of the Property, construction of the Improvements or the ownership, operation or use of the Property

(d) Any declaration of taxability of interest on the Tax-Exempt Notes, or allegations (or regulatory inquiry) that interest on the Tax-Exempt Notes is taxable, for federal tax purposes.

(e) The issuance any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by Bank, unless Bank elects to conduct its own defense at the expense of Borrower.

(f) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

(g) Any lien or charge upon payments by the Borrower to the Governmental Lender and/or the Bank hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project.

(h) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof.

(i) The defeasance and/or redemption, in whole or in part, of the Funding Loan Notes.

(j) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Funding Loan Notes or any of the documents relating to the Funding Loan Notes to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Funding Loan Notes of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading.

(k) The Bank's acceptance or administration of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties as Bank thereunder or under any of the documents relating to the Funding Loan Notes to which it is a party.

7.24.2 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Borrower Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Borrower Loan Documents or the Funding Loan Documents or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (c) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Borrower Loan Documents or the Funding Loan Documents. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

7.24.3 This indemnity is not intended to give rise to, and shall not give rise to, a right of Bank to claim payment of the principal and accrued interest with respect to the Borrower Loan as a result of an claim under this Section 7.24.

7.24.4 In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by such Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or

proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the judgment of such Indemnified Party, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

7.24.5 Notwithstanding any transfer of the Property to another owner in accordance with the provisions of this Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 7.24 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of Borrower hereunder.

7.24.6 The rights of any persons to indemnity hereunder and to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan Notes and, in the case of Bank, any resignation. The provisions of this Section 7.24 shall survive the termination of this Agreement.

7.25 Performance of Acts. Upon request by Bank, Borrower shall perform all acts that may be necessary or advisable to perfect any lien or security interest provided for in the Borrower Loan Documents or the Funding Loan Documents to carry out the intent of the Borrower Loan Documents or the Funding Loan Documents.

7.26 Notice of Change. Borrower shall give Bank prior written notice of any change in the location of Borrower's place of business (or Borrower's chief executive office if Borrower has more than one place of business) or Borrower's name, business structure or place of incorporation or other formation, and, unless otherwise approved by Bank in writing, Borrower shall maintain all tangible Personal Property (other than the books and records) at the Real Property and all books and records at Borrower's place of business (or chief executive office if Borrower has more than one place of business).

7.27 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein).

7.28 Funding Loan Documents. Borrower shall timely perform its obligations under the Funding Loan Documents.

7.29 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Bank and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Governmental Lender, to cooperate fully and promptly with Governmental Lender in enforcing the terms and provisions of the Tax-Exempt Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the Certification to the Secretary of the Treasury required by the Tax-Exempt Regulatory Agreement. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of any of the Regulatory Agreements by Borrower, and Borrower agrees to indemnify the Indemnified Parties from any claim or liability for any such breach under the Regulatory Agreements.

7.30 Prohibited Activities. Without Bank's prior written consent Borrower shall not:

7.30.1 Engage in any business activities substantially different from Borrower's present business or liquidate or dissolve Borrower's business;

7.30.2 Suffer or permit any liens or encumbrances to be placed on the Property other than the Permitted Liens.

7.30.3 Transfer any interest in the Property (other than the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreements and dispositions of Personal Property expressly permitted by the Borrower Loan Documents) without the prior written consent of Bank, which consent may be withheld in Bank's absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bank relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Bank's prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Borrower Loan Documents or the Funding Loan Documents, and Borrower shall deliver to Bank all documents reasonably required by Governmental Lender to evidence its continuing liability. No consent by Bank in connection with any Transfer shall constitute (x) a consent by Governmental Lender under the Tax-Exempt Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Governmental Lender of any term or condition of the Tax-Exempt Regulatory Agreement. Notwithstanding the foregoing, (a) Tax Credit Investor may transfer its limited partnership interests in Borrower to any limited partnership or limited liability company in which Tax Credit Investor, or an affiliate thereof is the general partner or managing member; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-managing membership interest in Tax Credit Investor shall not constitute a "transfer" hereunder, and (c) subject to Bank's consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder. Notwithstanding anything to the contrary contained herein, Bank shall not unreasonably withhold its consent to any transfer of the Property, in whole, arising due to the exercise of the option or right of first refusal granted pursuant to the Partnership Agreement or the documents executed in connection therewith, so long as all of the following conditions precedent are fully satisfied:

(a) Bank has received all of the information required by Bank to make the determinations required by this Section;

(b) No Event of Default or other event or condition which, upon the giving of notice or the lapse of time, or both, would constitute an Event of Default, has occurred and is continuing;

(c) Bank has determined, in its sole and absolute discretion, that the proposed transferee meets all of the eligibility, credit, management and other standards (including any standards with respect to previous relationships between Bank and the transferee and the organization of the transferee) customarily applied by Bank at the time of such proposed transfer to the approval of borrowers in connection with the origination or purchase of similar mortgages, deeds of trust or deeds to secure debt on multifamily properties;

(d) Borrower shall provide evidence satisfactory to Bank that, after the transfer, the Property will continue to qualify for the property tax "welfare" exemption pursuant to Section 214(g) of the R&T Code;

(e) The Property, at the time of such proposed transfer, meets all standards as to its physical condition that are customarily applied by Bank at the time of such proposed transfer to the approval of properties in connection with the origination or purchase of similar mortgages on multifamily properties;

(f) The transferee has duly executed and delivered to Bank an assumption agreement, in recordable form and in the form required by Bank, that, among other things, requires the transferee to perform all obligations of transferor set forth in Loan Documents;

(g) Bank shall have received such endorsement or endorsements to the Title Policy as Bank may reasonably require, confirming that the Deed of Trust continues to constitute a first-priority lien upon the Property, subject only to the Permitted Liens;

(h) If a guaranty or indemnity agreement has been executed and delivered in connection with the Note, the Deed of Trust or any of the other Loan Documents, the Borrower causes one or more individuals or entities acceptable to Bank to execute and deliver to Bank a guaranty or indemnity agreement in a form acceptable to Bank;

(i) Bank shall have received all of Bank's out-of-pocket costs (including reasonable attorneys' fees) which may be incurred in connection with such a transfer, including, without limitation, the costs incurred in reviewing such a transfer request and preparing all necessary documentation in connection therewith; and

(j) In no event shall Bank's consent to any transfer of the Property herein constitute the consent of the Bank to any transfer of the Property under any other document.

7.30.4 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party.

7.30.5 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.30.6 Enter into any new Funding Loan Documents or Subordinate Documents, or amend, modify, supplement, cancel or terminate any Funding Loan Documents, Subordinate Documents or the AHAP Contract.

7.30.7 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Tax-Exempt Notes.

7.30.8 Accept any deed or other restriction or enter into any regulatory or other similar agreement regulating or restricting the use or operation of the Property or restricting the tenant income and/or rent levels for the Property in connection with the allocation to the Property of federal low-income housing tax credits or otherwise.

7.31 Set Aside Letters. In the event Bank issues, at Borrower's request, any Set Aside Letter, Borrower represents, warrants and agrees as follows:

7.31.1 The sum that Borrower requests Bank to allocate for Bonded Work shall be sufficient to pay for the costs of construction and completion of the Bonded Work in accordance with any agreement between Borrower and the Governmental Authority and a copy of such agreement shall be furnished to Bank by Borrower as a condition precedent to the issuance by Bank of any Set Aside Letter;

7.31.2 Bank is irrevocably and unconditionally authorized to disburse to the Governmental Authority or Surety all or any portion of proceeds of the Borrower Loan upon a demand of

the Governmental Authority or Surety made in accordance with the terms and conditions of the Set Aside Letter;

7.31.3 Any disbursement or payments that Bank makes or may be obligated to make under any Set Aside Letter, whether made directly to the Governmental Authority, Surety, or to others for completion of all or part of the Bonded Work, shall be deemed an Advance to or for the benefit of Borrower; and

7.31.4 Bank shall have no obligation to release any security under the Borrower Loan Documents unless and until Bank has received a full and final written release of its obligations under each Set Aside Letter.

7.31.5 The fee for issuing each Set Aside Letter hereunder shall be determined when each Set Aside Letter is issued by Bank.

7.32 Management of Property. Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Bank.

7.33 Leases.

7.33.1 Negative Covenants. In addition to the provisions of the Deed of Trust, and regardless of whether or not Bank's prior written approval is required, Borrower shall not, without Bank's prior written consent: (a) grant to any tenant any right or option to purchase the Property or any portion thereof, or any other present or future interest in any portion of the Property other than the right to use and occupy the leased premises, (b) grant to any tenant the right to terminate its lease if the lease of one or more other tenant is terminated, or (c) accept payment of rent from any tenant in any form other than cash or cash equivalent.

7.33.2 Affirmative Covenants. In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Bank (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with the Subordinate Documents, all Regulatory Agreements and is consistent with the rent proforma submitted by Borrower and approved by Bank (c) enter into Leases only with bona fide third party tenants in an arm's length transaction at the then current rates for comparable space in accordance with the Rent Restrictions and on such other terms and conditions as are reasonably acceptable to Bank, (d) whether or not Bank's prior written approval is required, deliver to Bank, within ten days of written request, all Leases (together with all financial information obtained by Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) upon Bank's request, promptly notify Bank in writing of (i) the termination, abandonment, or surrender of any Lease, and (ii) claims of any breach of any of Borrower's obligations as landlord under any Lease.

7.34 Compliance. Upon the request of Bank from time to time and at any time certification of the matters set forth below is provided to Governmental Lender or any Governmental Authority, Borrower shall promptly provide to Bank the following:

7.34.1 Borrower's certification of the Property's compliance with the rules qualifying the interest payable on the Tax-Exempt Notes for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued under Section 142(d) and the requirements of the Regulatory Agreements;

7.34.2 Property has received or receives a tax credit allocation, Borrower's certification of the Property's compliance with the requirements of Section 42 of the Code and the regulations issued

under Section 42 and if the tax credits have not yet been syndicated, Borrower's report regarding progress in syndicating the tax credit allocation until the syndication is completed; and

7.34.3 Such other documents, certificates and other information as may be deemed necessary or appropriate to enable Bank to perform the functions under this Agreement or the Funding Loan Agreement.

7.35 Property Reserves. Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Bank, and Borrower hereby grants to Bank a security interest in all such reserves. Borrower agrees to execute such supplemental security documentation as Bank may request confirming such security interest.

7.36 AHSC Permanent Loan Standard Agreement. Prior to the Conversion Date, Borrower shall comply with all conditions of the AHSC Permanent Loan Standard Agreement, and shall execute all documents necessary to close the AHSC Permanent Loan.

7.37 Establishment of Capital Improvement Reserve Account.

7.37.1 Concurrently with the Conversion and as a condition precedent thereto, Borrower shall: (i) establish with Bank the Capital Improvement Reserve Account and Borrower shall execute such documents as are necessary to evidence same and to create and perfect in favor of Bank a security interest therein for the purpose of paying for any capital improvements which are necessary for the continued operation of the Property and which capital improvements are approved by Bank, which approval will not be unreasonably withheld ("Capital Improvements"); and (ii) commencing after the Conversion Date, on the first day of the month in which Borrower is required to make its first principal and interest payment under the Borrower Note, and continuing on the first day of every month thereafter, deposit or cause to be deposited into the Capital Improvement Reserve Account an amount equal to no less than [\$_____] **[CHECK]** each month; provided, however, commencing on each anniversary of the date upon which Borrower is required to make the initial deposit into the Capital Improvement Reserve Account, said amount shall increase by three percent (3%) per annum.

7.37.2 Borrower shall be entitled to withdraw funds from the Capital Improvement Reserve Account from time to time (but no more often than once every thirty (30) days and in an amount of no less than \$1,000 for each such withdrawal) to cover Capital Improvements, but only upon ten (10) days prior written notice from Borrower to Bank requesting to withdraw such funds and only so long as no Event of Default exists and no event has occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default. Said written request shall set forth the amount of funds Borrower wishes to withdraw from the Capital Improvement Reserve Account, shall set forth with specificity those Capital Improvements for which the funds are to be used and shall be accompanied by copies of invoices or other evidence satisfactory to Bank confirming the cost of such Capital Improvements. Bank may also condition the withdrawal of funds from the Capital Improvement Reserve Account upon delivery by Borrower of such contractor's affidavits, owner's sworn statements, partial and final waivers of lien and other additional documentation Bank may require to insure that the Capital Improvements have been completed free and clear of any claims of lien, and in a good and workmanlike manner and otherwise in accordance with all applicable legal requirements. The disbursement of funds withdrawn from the Capital Improvements Reserve Account may be made, in Bank's discretion, either directly to the parties entitled thereto or to Borrower to pay the same. If such funds are disbursed directly to Borrower, Borrower shall provide Bank with evidence of the payment of the cost of the Capital Improvements within ten (10) days after the date such funds are withdrawn from the Capital Improvement Reserve Account.

7.37.3 Borrower shall diligently pursue completion of all Capital Improvements upon the commencement of the same. All Capital Improvements shall be made in a good and workmanlike manner and shall be completed free and clear of any mechanic's or materialman's liens and encumbrances. Borrower shall pay all costs necessary for completion of all Capital Improvements without

regard to the sufficiency of the funds in the Capital Improvement Reserve Account. Borrower shall not commence construction of any Capital Improvement or other work prior to obtaining a building permit and all other governmental authorizations required with respect thereto, which Borrower shall provide to Bank upon request. Once any construction work has commenced, Borrower shall cause same to be completed in accordance with the plans and specifications therefor and in compliance with all restrictive covenants applicable thereto, free and clear of liens or claims for liens, and shall correct all defects therein. No disbursement of funds from the Capital Improvement Reserve Account shall constitute a waiver of Bank's right to require compliance with the foregoing covenants.

7.38 Rent Restrictions. Borrower shall comply, and cause the tenants occupying the Units to comply, with the Rent Restrictions, including, without limitation, maintaining all appropriate records.

7.39 Preservation of Tax Credits. Borrower shall observe and perform all obligations imposed on Borrower for the purpose of obtaining, maintaining and utilizing the maximum amount of Tax Credits allocated pursuant to the Tax Credit Allocation Documents and to operate the Project, or to cause the appropriate parties to operate the Project, in accordance with all applicable provisions of the Code and the R&T Code, if applicable, and all other statutes and regulations governing the Tax Credits including, without limitation, the monitoring and reporting requirements set forth in the Qualified Allocation Plan.

7.40 Election of Credit Period. Borrower shall not make its election (electing whether the first year of the ten (10) year "credit period" shall commence in the year the Project is placed in service or the following year) under Section 42(f) of the Code without first obtaining Bank's prior written consent to Borrower's election, which consent shall not be unreasonably withheld or delayed.

7.41 Compliance with Subordinate Documents, Regulatory Agreements, AHAP Contract and HAP Contract. Borrower shall observe and comply with all of the terms and conditions set forth in Subordinate Documents, all Regulatory Agreements, the AHAP Contract and the HAP Contract (after the HAP Contract has been fully executed).

7.42 Payment of Development Fee. Borrower shall not pay Resources for Community Development more than (i) [\$700,000] **[CHECK]** of its development in the aggregate fee prior to the Closing Date, (ii) [\$2,090,000] **[CHECK]** of its development fee in the aggregate prior to Conversion, and (iii) [\$2,300,000] **[CHECK]** of its development fee in the aggregate prior to receipt of IRS Form 8609 with respect to the Project.

7.43 IRS Form 8609. Borrower shall deliver to Bank the IRS Form 8609 within five (5) business days following Borrower's receipt of the same from the Allocation Committee.

7.44 Obtaining and Maintaining Real Property Tax Exemption. Borrower shall cause General Partner to maintain its status as an "eligible limited liability company" (as such term is used in Section 214(g) of the R&T Code) and take all actions and provide such certifications as may be necessary from time to time so that the Project shall be exempt from the payment of real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.45 Draws under Subordinate Lender Loan and Disbursement of Borrower's Funds. [Borrower shall request and receive disbursements of the entire City Loan, [\$_____] **[CHECK]** of the Sponsor Infill Loan, [\$_____] **[CHECK]** of the Sponsor AHSC Loan and \$1,500,000 of the County Loan prior to requesting disbursements of Borrower's Funds.] **[CONFIRM]**

7.46 Draw Requests. Borrower shall furnish to Bank such statements and other financial data as Bank shall from time to time reasonably request in writing with respect to disbursements made under the Subordinate Loans, if any. Borrower shall deliver, or cause to be delivered, to Bank (concurrently with the delivery of the same to any Subordinate Lender) copies of all draw requests (and

accompanying back-up documentation), if any, submitted to any Subordinate Lender with respect to disbursements made under the applicable Subordinate Loan from time to time.

7.47 Progress Reports and Annual Project Status Reports; Allocation Committee Notices. Borrower shall promptly deliver to Bank copies of all "Progress Reports" all "Annual Project Status Reports" and all other reports delivered by Borrower to the Allocation Committee or Subordinate Lender from time to time including, without limitation, those reports required by the terms and conditions of the Qualified Allocation Plan or as otherwise required under the terms of the Tax Credit Allocation Documents; such reports shall be delivered to Bank concurrently with the delivery of the same to the Allocation Committee. Borrower shall promptly deliver to Bank copies of all notices and/or correspondence it receives from time to time from the Allocation Committee to the extent the same relate to the allocation of Tax Credits as evidenced by the Preliminary Reservation.

7.48 Hedge.

7.48.1 As a condition precedent to making the Borrower Loan, the Borrower shall enter into one or more interest rate caps, collars, swaps, swaptions, forward swaps or similar transactions designed to protect against fluctuations in the interest rate of Borrower Note A-1 and Borrower Note A-2 commencing no later than the Initial Conversion Date, or if Borrower elects to extend the Initial Conversion Date pursuant to Section 2.6 above, the Extended Conversion Date, and expiring no earlier than the Initial Maturity Date, or if Borrower elects to extend the Initial Maturity Date pursuant to Section 2.6 above, the Extended Maturity Date, with a counterparty acceptable to Bank (which counterparty may, but is not required to be, Bank) (together, as modified from time to time, the "Hedge"). The notional amount of the Hedge must be the outstanding aggregate principal amount of the Borrower Note A-1 and Borrower Note A-2 as of the Extended Conversion Date or, if later, the effective date of the Hedge. The Hedge shall provide for a fixed rate of interest not to exceed (or otherwise protect against the interest rate on the Borrower Note A-1 exceeding) [____%] **[CHECK]** (inclusive of the Margin), and shall provide for a fixed rate of interest not to exceed (or otherwise protect against the interest rate on the Borrower Note A-2 exceeding) [____%] **[CHECK]** (inclusive of the Margin). The cost of the Hedge must be paid in full on its effective date. The identity of the counterparty and the form and substance of the documents and agreements evidencing, securing, guarantying or otherwise governing the Hedge, including, without limitation, any ISDA Master Agreement and Schedule thereto, and any confirmations evidencing the Hedge (together, the "Hedge Documents"), shall be acceptable to Bank in the Bank's sole discretion. In no event shall the counterparty have a rating by a national rating agency which is less than the rating assigned by such rating agency to Bank. No Hedge Document shall be secured by the Project unless expressly consented to in writing by Bank, which consent may be withheld in Bank's sole discretion.

7.48.2 On the Closing Date, the Borrower shall acquire a Hedge complying with the requirements of this Section 7.48 and Section 4.1.15. As a condition to the extension of the Initial Conversion Date and the Initial Maturity Date in accordance with Section 2.6 above, the Hedge shall comply with the requirements of this Section 7.48 and Section 2.6.8. As a condition to the Conversion, the Hedge shall comply with the requirements of this Section 7.48 and Section (t) of Exhibit D.

7.48.3 The Borrower shall timely perform all of its obligations under the Hedge Document in accordance with its terms, including payment of all breakage and termination fees due under the applicable Hedge Documents. Unless Bank is the counterparty, the Borrower may not exercise any right or remedy under any Hedge Document without the Bank's prior written consent and shall exercise its rights and remedies under the Hedge Documents as directed by the Bank in writing.

7.48.4 So long as the Borrower is required to maintain a Hedge, the Borrower shall not terminate, transfer or consent to any termination or transfer of the Hedge without the Bank's prior written consent, which consent may be withheld in Bank's sole discretion. No Hedge shall be terminated for any reason unless Borrower enters into a new Hedge complying with the requirements of this Section 7.48; provided, that no Hedge undertaken with Bank may be terminated, terminated and replaced or transferred by the Borrower without the consent of Bank, which consent may be withheld by Bank in its sole discretion.

Each replacement Hedge must have a term which commences no later than the later of the Outside Conversion Date or the termination date of the preceding Hedge. If Borrower desires to transfer or terminate a Hedge, Borrower shall provide Bank for Bank's approval written notice thereof at least forty-five (45) days prior to termination of the existing Hedge, together with a description of the terms proposed for the replacement Hedge and the identity of the financial institutions who will bid to be the counterparty on the replacement Hedge. In addition, the Borrower shall provide the Bank for Bank's approval the identity of the counterparty and copies of the proposed replacement Hedge Documents at least fourteen (14) business days prior to the termination of the existing Hedge; provided, however, that if a Hedge unexpectedly and unavoidably terminates on a date other than its scheduled expiration date, the Borrower shall, within fourteen (14) business days of such termination, obtain a new Hedge satisfying the requirements of this Section 7.48; provided that if such terminated Hedge is one provided by Bank, Bank shall be under no obligation to permit such replacement Hedge to be entered into or to forbear from exercising its creditor remedies during such time.

7.48.5 If Bank is not (or is no longer) the counterparty to the Hedge, the Borrower shall assign each Hedge in effect from time to time to Governmental Lender and Bank pursuant to an assignment of hedge ("Assignment of Hedge") in a form and content acceptable to Bank in its sole discretion. The Assignment of Hedge must be entered into on or before the effective date of the Hedge. The Hedge Documents and the Assignment of Hedge shall direct the counterparty to make any payments on the Hedge directly to Bank to be applied by Bank to payments due under the Borrower Loan, provided that after the occurrence of an Event of Default, Bank may apply such payments as may determine in its discretion.

8. EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "**Event of Default**" hereunder and at Bank's option, exercisable in its sole discretion, shall terminate any obligation of Bank to make any Advance or disbursement of Borrower's Funds. Upon the occurrence of an Event of Default, Bank shall also have the option, exercisable in its sole discretion, to declare the Borrower Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Borrower Loan Document or Funding Loan Document results in the Borrower Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Borrower Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Borrower Loan Document or Funding Loan Document after giving effect to any express curative provisions (if any) provided herein or therein, or (b) deposit with Bank any of Borrower's Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Borrower Loan Document that is not specifically referred to in this Section 8, (b) the Tax-Exempt Regulatory Agreement or other Funding Loan Document, or (c) any ground lease, if the Property is a leasehold estate.

8.3 Borrower or Contractor does not (a) commence construction of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the construction of the Improvements, or the construction of the Improvements is otherwise discontinued for a period of ten consecutive Business Days or more, for any reason, or (c) complete the construction of the Improvements and cause the issuance of all licenses and permits necessary for the occupancy and use of the Improvements, on or before the Completion Date.

8.4 Any representation or warranty by Borrower or any Loan Party made hereunder or under any other Borrower Loan Document proves to be materially false or misleading.

8.5 Any person obtains an order or decree in any court of competent jurisdiction prohibiting the construction of the Improvements or Borrower or Governmental Lender and Bank from performing this Agreement, and such order or decree is not vacated within ten days after the granting thereof.

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the construction of the Improvements or the use and occupancy thereof.

8.7 Any bonded notice to withhold in connection with the Borrower Loan is validly served on Governmental Lender or Bank and within five days of the receipt of such service (a) is not discharged, or (b) if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bank is not provided to Bank.

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Bank's written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten days of the imposition of such lien.

8.9 Bank fails to have an enforceable first lien on or security interest in any property given as security for the Borrower Loan, except as permitted by Bank in writing.

8.10 An event or condition occurs or arises that materially impairs Borrower's intended use of the Property.

8.11 Borrower neglects, fails or refuses to keep in force and effect any insurance coverage required by Bank.

8.12 Any Funding Loan Document is amended, modified or terminated without Bank's prior written consent.

8.13 Interest on the Tax-Exempt Notes is no longer excludable from the gross income of the holder thereof for federal income tax purposes.

8.14 Borrower modifies, amends or terminates, or otherwise fails to consummate the closing of, the AHSC Permanent Loan Standard Agreement or takes any action that might or does result in modification, amendment, termination or expiration of the AHSC Permanent Loan Standard Agreement without Bank's written consent.

8.15 The occurrence of an event of default by Borrower under the Subordinate Documents, the AHAP Contract, the HAP Contract (after the HAP Contract has been fully executed), or Regulatory Agreement(s) (following the expiration of any curative periods set forth therein).

8.16 Borrower modifies, amends or terminates the Subordinate Documents, the AHAP Contract, the HAP Contract (after the HAP Contract has been fully executed), or Regulatory Agreement(s) without the prior written consent of the Bank.

8.17 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan.

8.18 The determination by Bank (in Bank's reasonable opinion) at any time that (i) paragraph (1) of Section 42(h) of the Code will apply to the allocation of the Tax Credits or (ii) Project Completion will not occur on or before the Completion Date.

8.19 The maximum amount of Tax Credits reserved by the Allocation Committee under the Preliminary Reservation is reduced by the Allocation Committee which results in a reduction of the Tax

Credit Investor's capital contributions to Borrower which, together with other financing or equity investment permitted under the Borrower Loan Documents, would prevent Borrower from making the full Paydown Amount on or before the Outside Conversion Date, as determined by Bank in its sole discretion.

8.20 Borrower shall fail to obtain the Hedge in accordance with the terms and provisions of Section 7.48. Borrower shall fail to perform any of its obligations under any agreement relating to any Hedge or Hedge Documents following the expiration of any applicable curative provision.

The Tax Credit Investor shall have the right to cure any default by Borrower hereunder within the time periods (if any) set forth herein for such cure and Bank agrees to accept such cure as if cured by Borrower.

9. REMEDIES. If an Event of Default occurs under this Agreement:

9.1 Governmental Lender and Bank may exercise any right or remedy that it has under any of the Borrower Loan Documents, or that is otherwise available at law or in equity or by statute, and all of Governmental Lender's and Bank's rights and remedies shall be cumulative.

9.2 Bank shall have the right, in its sole discretion, to enter the Property and take possession of it, whether in person, by agent or by court-appointed receiver, to perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans, and to collect rents and otherwise protect its collateral and exercise its rights and remedies under the Borrower Loan Documents. If Bank exercises any of the rights or remedies provided in this Section, that exercise shall not make Bank a partner or joint venturer of Borrower. All sums that are expended by Bank in completing the Improvements or in preserving Bank's collateral for the Borrower Loan shall be considered an additional loan to Borrower secured by the Deed of Trust and Security Documents and shall bear interest at the Default Rate.

9.3 Notwithstanding the exercise of any remedy described above or the existence of any Event of Default, Bank, at its option, may make any Advance or disburse any or all of Borrower's Funds without (a) waiving Bank's right to demand payment of the Borrower Loan, (b) incurring liability to make any other or further Advances, and (c) waiving Bank's right to require compliance with Borrower's covenant to correct any defect in the Improvements or departure from the Plans not approved by Bank.

10. POWER OF ATTORNEY. Borrower hereby constitutes and appoints Bank as Borrower's true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

10.1 To take possession of the Property and complete the Improvements.

10.2 To use any of Borrower's Funds and any undisbursed proceeds of the Borrower Loan for the purpose of completing the Improvements and for other costs related thereto.

10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Bank, in Bank's sole discretion, deems proper to complete the Improvements.

10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the Improvements.

10.5 To employ security personnel to protect the Property from damage.

10.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds or any undisbursed proceeds of the Borrower Loan as may be necessary or desirable or as Bank deems proper, in Bank's sole discretion, for the completion of the Improvements, or for the protection or clearance of title to the Property, or for the protection of Bank's interest with respect thereto.

10.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements.

10.8 To record any notices of completion, cessation of labor and other notices that Bank deems necessary to protect any interest of Bank under the provisions of this Agreement, the Deed of Trust, any of the Security Documents, or any other Borrower Loan Document.

10.9 To execute, acknowledge, and deliver all instruments and documents in the name of Borrower that may be necessary or desirable or as Bank deems proper, in Bank's sole discretion, and to perform any and every act with respect to the construction of the Improvements that Borrower might perform on Borrower's own behalf.

This Power of Attorney is a power coupled with an interest and cannot be revoked. Any costs or expenses incurred by Bank in connection with any acts performed by Bank under or pursuant to this Section shall be paid by Borrower. If such costs are not paid by Borrower upon demand of Bank, interest shall accrue thereon at the Default Rate. Any such advances made or costs or expenses incurred by Bank shall be secured by the Deed of Trust and Security Documents.

11. MISCELLANEOUS.

11.1 Disclaimer. WHETHER OR NOT GOVERNMENTAL LENDER OR BANK ELECT TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO GOVERNMENTAL LENDER OR BANK UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, NEITHER GOVERNMENTAL LENDER NOR BANK SHALL BE LIABLE FOR THE CONSTRUCTION OF, OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT, THE IMPROVEMENTS.

11.2 Notices. All notices, demands, requests or other communications (including communications by facsimile transmission or e-mail) provided for or allowed hereunder shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), faxed, or e-mailed to the address given with the signatures at the end of this Agreement. Any such notice shall be deemed to have been received by the addressee, (a) if mailed, on the third day following the date of such mailing, or (b) if faxed or e-mailed, upon telephone confirmation of receipt. Any party may at any time change its address for such notices by delivery or mailing the other parties to this Agreement a notice of such change.

11.3 Waivers. Any forbearance, failure or delay by Bank in exercising any right, power or remedy shall not be deemed a waiver thereof and any single or partial exercise of any power, right or remedy shall not preclude any further exercise thereof. No waiver of or consent to any breach of any of the covenants or conditions of this Agreement or any other Borrower Loan Document shall be construed to be a waiver of or a consent to any previous or subsequent breach of the same or any other condition or covenant. No waiver or consent shall be effective under any Borrower Loan Document unless it is in writing and signed by an officer of Bank.

11.4 Governmental Lender's and Bank's Expenses; Rights of Governmental Lender and Bank.

11.4.1 Borrower shall promptly pay to Governmental Lender and Bank, upon demand, with interest thereon from the date of demand at the applicable rate from time to time hereunder (and, if more than one rate is applicable hereunder, at the highest rate), reasonable attorneys' fees (including the fees and costs of Governmental Lender's and Bank's in-house counsel and legal staff) and all costs and other expenses paid or incurred by Governmental Lender and Bank in exercising its rights or remedies provided for in this Agreement or any other Borrower Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Bank shall have the right, but not the obligation, to perform such obligations at the expense of Borrower. The amount of any monies so expended or obligations so incurred by Governmental Lender and Bank, together with interest thereon at the rate specified above,

shall be repaid to Governmental Lender and Bank promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents.

11.4.2 Governmental Lender and Bank, and any of Governmental Lender's and Bank's representatives, shall have the right, at any time and from time to time, and without notice, to enter upon the Property, to inspect the Improvements and all materials to be used in the construction thereof and to examine the Plans and all detailed plans and shop drawings that are or may be kept at the construction site.

11.5 No Third Party. This Agreement is made for the sole benefit of Borrower, Governmental Lender, Bank and Governmental Lender's and Bank's successors and assigns, and no other Person shall have any rights or remedies under or by reason of this Agreement or any right to exercise any right or power of Governmental Lender and Bank hereunder or arising from any default by Borrower. Governmental Lender and Bank shall owe no duty whatsoever to any claimant for labor performed or material furnished in connection with the construction of the Improvements nor any duty whatsoever to apply any undisbursed proceeds of the Borrower Loan to the payment of any such claim or to exercise any right or power of Bank hereunder or arising from any default by Borrower.

11.6 Time of Essence. Time is of the essence of this Agreement and every part hereof.

11.7 Successors and Assigns. Neither this Agreement nor any right of Borrower to receive any sums, proceeds or disbursements hereunder, may be assigned, pledged, hypothecated, anticipated or otherwise encumbered by Borrower without the prior written consent of Bank. Subject to the foregoing restriction and the restrictions contained in the Deed of Trust, this Agreement shall inure to the benefit of Governmental Lender and Bank and Governmental Lender's and Bank's successors and assigns and shall bind Borrower and Borrower's successors and assigns.

11.8 Participation or Syndication. Bank shall have the right, in its sole discretion, to assign all or any part of Bank's rights in the Borrower Loan and under the Borrower Loan Documents or the Funding Loan Documents, either through direct assignment or through participating interests, subject to the provisions of Section 4.3 of the Funding Loan Agreement. Bank is hereby authorized to disclose to any prospective assignee or participant in the Borrower Loan any and all information regarding Borrower, any Loan Party, the Property or the Borrower Loan.

11.9 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

11.10 Entire Agreement. This Agreement and all other Borrower Loan Documents and the Funding Loan Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings. This Agreement and the other Borrower Loan Documents may be modified, amended or terminated only in writing signed by all parties hereto or thereto.

11.11 Joint and Several Liability. If Borrower consists of more than one Person, each shall be jointly and severally liable to Bank for the performance of this Agreement and the other Borrower Loan Documents.

11.12 Publicity, Signs. Borrower hereby agrees that Bank, at Bank's expense, may publicize the financing of the Property (including the name of Borrower) and, in connection therewith, may use the project name and address, and a description, photograph or other illustrative drawing of the Property. Borrower hereby grants Bank the right to erect or cause to be erected Bank's sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the construction of the Improvements. Borrower will exercise, and will cause Contractor and subcontractors to exercise, due care to protect said sign or signs from damage.

11.13 Credit Information and Reports. Borrower authorizes Bank to release information concerning Borrower's financial condition to suppliers, other creditors, credit bureaus and other credit reporters, and to obtain such information from any third party at any time.

11.14 Headings. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

11.15 Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11.16 Counterparts. This Agreement and each other Borrower Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but taken together shall be one and the same document.

11.17 USA Patriot Act. Bank is subject to the USA Patriot Act and hereby notifies Borrower that pursuant to the requirements of that Act, Bank is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Bank to identify Borrower in accordance with the Act.

11.18 Waiver of Jury Trial. To the extent permitted by law, in connection with any action or proceeding, whether brought in state or federal court, the Borrower, Governmental Lender and Bank hereby expressly, intentionally and deliberately waive any right they may otherwise have to trial by jury of any Claim (as defined below).

11.19 Judicial Reference. If the waiver of jury trial set forth hereinabove is not enforceable under the laws of the state in which the Property is located, then the parties hereby agree that all Claims, including any and all questions of law or fact relating thereto, shall, at the written request of any party, be determined by Reference (as hereinafter defined) as set forth hereinbelow:

11.19.1 Selection Or Appointment Of Referee. The Bank and Borrower shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the Bank and Borrower cannot agree upon a referee, the referee shall be appointed by the court.

11.19.2 Conduct Of Reference. Except as otherwise provided in this Agreement, the Reference shall be conducted pursuant to the laws of the state in which the Property is located. The referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of the Borrower Loan Documents or Funding Loan Documents. The referee shall report a statement of decision to the court. The Bank and Borrower shall equally bear the fees and expenses of the referee, unless the referee otherwise provides in the statement of decision.

11.19.3 Provisional Remedies, Self-Help And Foreclosure. No provision of this Agreement shall limit the right of any party to (i) exercise self-help remedies including, without limitation, set-off, (ii) foreclose against or sell any collateral, by power of sale or otherwise or (iii) obtain or oppose provisional or ancillary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference. The exercise of, or opposition to, any such remedy does not waive the right of any party to a Reference pursuant to this Agreement.

11.19.4 No Decision By Jury. The parties hereby acknowledge that if a referee is selected or appointed to determine the Claims, then the Claims will not be decided by a jury.

11.19.5 Miscellaneous. In the event that multiple Claims are asserted, some of which are not subject to this Section, the parties agree to stay the proceedings of the Claims not subject to this Section until all other Claims are resolved in accordance with this Section. In the event that Claims are asserted against multiple parties, some of whom are not subject to this Section, the Parties agree to sever the Claims subject to this Section and resolve them in accordance with this Section.

11.19.6 Claim. "Claim" shall mean any claim, cause of action, action, dispute or controversy between or among the parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Borrower Loan Documents or the Funding Loan Documents; (ii) and negotiations or communications relating to any of the Borrower Loan Documents or the Funding Loan Documents, whether or not incorporated into the Borrower Loan Documents or the Funding Loan Documents or any indebtedness evidenced thereby; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

11.19.7 Reference. "Reference" shall mean a judicial reference conducted pursuant to this Agreement and in accordance with the laws of the state in which the Property is located, as in effect at the time the referee is selected or appointed.

11.20 Limitation on Damages. In the event that punitive damages are permitted under the laws of the state in which the Property is located, the amount thereof shall not exceed a sum equal to three times the amount of actual damages.

11.21 Exhibits. All exhibits attached hereto are incorporated herein as if fully set forth within this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Construction and Permanent Loan Agreement as of the date and year first above written.

BORROWER:

RIVIERA FAMILY APARTMENTS, L.P.,
a California limited partnership

By: Stargell Commons LLC,
a California limited liability company,
its general partner

By: Resources for Community Development,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Daniel Sawislak
Executive Director

Address for Notice to Borrower:

Riviera Family Apartments, L.P.
c/o Resources for Community Development
2220 Oxford Street
Berkeley, CA 94704
Attention: Executive Director
Telephone No.: (510) 841-4410
Fax No.: (510) 548-3502

with a copy to:

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28202-6000
Attention: Director of Asset Management

and:

Sidley Austin LLP
One South Dearborn
Chicago, IL 60603
Attention: Fred Meyer

BANK:

MUFG UNION BANK, N.A.

By: _____
Name: Paul Carney
Title: Director

Addresses for Notice to Bank:

MUFG Union Bank, N.A.
Attn: Manager
Loan Administration Department
3151 E. Imperial Highway, 1st Floor
Brea, CA 92821
Fax No. (949) 553-7123
Phone No. (714) 985-2469
E-mail address: maria.trevias@unionbank.com

With a copy to

MUFG Union Bank, N.A.
Attn: CDF Manager
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596-3570
Fax (925) 947-2455
Phone No. (925) 947-2449
E-mail address: paul.carney@unionbank.com

GOVERNMENTAL LENDER:

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____

Name: _____

Title: _____

Addresses for Notice to Governmental Lender:

[Contra Costa County Department of Conservation and Development
30 Muir Road
Martinez, CA 94553] **[CHECK]**

JOINDER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledges and agrees that the undersigned shall not be entitled to receive in the aggregate more than (i) [\$700,000] **[CHECK]** of the development fee to which it is entitled from Borrower prior to the Closing Date, (ii) [\$2,090,000] **[CHECK]** of the development fee to which it is entitled from Borrower prior to Conversion, and (iii) [\$2,300,000] **[CHECK]** of the development fee to which it is entitled from Borrower prior to receipt of IRS Form 8609 with respect to the Project; any portion of such development fee received by the undersigned prior to the dates set forth above shall be remitted to MUFG Union Bank, N.A. to be held as additional collateral for the Borrower Loan and, upon an event of default with respect thereto, applied in reduction of amounts outstanding under the Borrower Loan in such amounts and in such order as MUFG Union Bank, N.A. shall elect in its sole and absolute discretion.

RESOURCES FOR COMMUNITY DEVELOPMENT,
a California nonprofit public benefit corporation

By: _____
Name: Daniel Sawislak
Title: Executive Director

Schedule 1

Post-Conversion Date Borrower Note A-1 Installments of Principal and Interest

[To be attached on the Conversion Date]

Schedule 2

Post-Conversion Date Borrower Note A-2 Installments of Principal and Interest

[To be attached on the Conversion Date]

**EXHIBIT A
LEGAL DESCRIPTION**

This **Exhibit A** is attached to and a part of that certain Construction and Permanent Loan Agreement dated September 1, 2016 by and among Riviera Family Apartments, L.P., a California limited partnership, the County of Contra Costa, California, and MUFG Union Bank, N.A.

Real property in the City of Walnut Creek, County of Contra Costa, State of California, described as follows:

PARCEL 1:

THOSE PORTIONS OF LOTS 27, 28, 29, 30 AND 31, IN BLOCK 4, AS SAID LOTS AND BLOCK ARE SHOWN ON THE MAP OF PRINGLE ADDITION TO THE TOWN OF WALNUT CREEK, FILED MAY 6, 1912, IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF SAID LOT 27, THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT 27, SOUTH 17°21'41" EAST, 122 75 FEET TO THE POINT OF BEGINNING, THENCE SOUTH 16°44'27" WEST, 270 99 FEET TO THE NORTHWESTERLY LINE OF RIVIERA AVENUE (70 FOOT WIDE) AS SHOWN ON SAID MAP, THENCE ALONG LAST SAID LINE, FROM A RADIAL BEARING OF SOUTH 40°20'46" EAST, ALONG A NON-TANGENT CURVE WITH A RADIUS OF 1506 28 FEET TO THE LEFT, THROUGH A CENTRAL ANGLE OF 08°20'44", AN ARC LENGTH OF 219 40 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 27, THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT 27, NORTH 17°21'41" WEST, 187 99 FEET TO THE SOUTHEASTERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN THAT CERTAIN GRANT DEED TO THE STATE OF CALIFORNIA, RECORDED JULY 9, 1957, IN BOOK 3010, AT PAGE 303, OFFICIAL RECORDS OF CONTRA COSTA COUNTY, THENCE ALONG LAST SAID LINE, SOUTH 16°44'27" WEST, 76 88 FEET TO THE POINT OF BEGINNING.

PURSUANT TO THAT CERTAIN NOTICE OF MERGER LL 15-009 RECORDED MAY 23, 2016 AS INSTRUMENT NO. 2016-97434 OF OFFICIAL RECORDS.

APN: 174-140-019-4 AND 174-140-025-1

PARCEL 2:

PORTION OF LOT 28 AND ALL OF LOT 29 IN BLOCK 5, AS DESIGNATED ON THE MAP ENTITLED "R.N. BURGESS COMPANY'S MAP OF THE PRINGLE ADDITION TO THE TOWN OF WALNUT CREEK", WHICH MAP WAS FILE IN THE OFFICE OF THE RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ON MAY 06, 1912, IN VOLUME 7 OF MAPS, AT PAGE 154, DESCRIBED IN THE DEED TO LAFAYETTE LEGACY CONSTRUCTION, INC., A CALIFORNIA CORPORATION, RECORDED DECEMBER 16, 2004, AT SERIES NO. 2004- 0482426, CONTRA COSTA COUNTY RECORDS, AND ALL OF SAID LAND DESCRIBED IN THE DEED TO LAFAYETTE LEGACY CONSTRUCTION, INC., A CALIFORNIA CORPORATION, RECORDED AUGUST 17, 2005, AT SERIES NO. 2005-0309601, CONTRA COSTA COUNTY RECORDS, AND BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2005-309601);

THENCE LEAVING SAID POINT OF BEGINNING ALONG THE PERIMETER OF SAID PARCEL THE FOLLOWING COURSES AND DISTANCES; NORTH 67° 40' 11" WEST, 52.70 FEET TO A POINT ON THE NORTHWEST LINE OF THAT PARCEL OF LAND DESCRIBED IN THE RIGHT OF WAY ABANDONMENT FOR A PORTION OF RIVIERA AVENUE PER RESOLUTION #91-89, RECORDED

JANUARY 28, 1992, IN BOOK 17182 OF OFFICIAL RECORDS, AT PAGE 90, CONTRA COSTA COUNTY RECORDS;

THENCE NORTHEASTERLY ALONG THE PERIMETER OF SAID RIGHT OF WAY ABANDONMENT AREA (17182 OR 90) THE FOLLOWING COURSES AND DISTANCES; NORTHEASTERLY ALONG A NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET, THE CENTER OF WHICH BEARS SOUTH 45° 05' 4-3" EAST, THROUGH A CENTRAL ANGLE OF 06° 38' 01", AN ARC DISTANCE OF 3.47 FEET;

THENCE NORTH 51° 32' 18" EAST, 118.62 FEET TO THE NORTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2005-309601);

THENCE LEAVING SAID NORTH CORNER ALONG THE PERIMETER OF THAT PARCEL OF LAND DESCRIBED IN THE DEED TO LAFAYETTE LEGACY (2004-482426) THE FOLLOWING COURSES AND DISTANCES: NORTH 59° 01' 53" EAST, 65.68 FEET TO THE NORTH CORNER OF SAID PARCEL;

THENCE CONTINUING ALONG THE PERIMETER OF SAID PARCEL SOUTH 02° 17' 55" EAST, 175.27 FEET TO THE SOUTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2004-482426);

THENCE ALONG THE SOUTH LINE OF SAID PARCEL NORTH 67° 40' 11" WEST, 119.00 FEET TO THE POINT OF BEGINNING.

APN: 174-150-076-1

EXHIBIT B
DISBURSEMENT SCHEDULE

This **Exhibit B** is attached to and a part of that certain Construction and Permanent Loan Agreement dated September 1, 2016 by and among Riviera Family Apartments, L.P., a California limited partnership, the County of Contra Costa, California, and MUFG Union Bank, N.A. All terms not defined herein shall have the meanings given them in the Agreement.

[TO BE INSERTED]

**EXHIBIT B-1
PROJECT BUDGET**

This **Exhibit B-1** is attached to and a part of that certain Construction and Permanent Loan Agreement dated September 1, 2016 by and among Riviera Family Apartments, L.P., a California limited partnership, the County of Contra Costa, California, and MUFG Union Bank, N.A.

[TO BE INSERTED]

EXHIBIT C SPECIAL CONDITIONS

1. The following representations and warranties are incorporated by reference in Section 6 of this Agreement:

- (a) The Project is located wholly within the jurisdiction of the Governmental Lender.
- (b) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Notes. The Borrower intends to utilize the Project as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).
- (c) Not in excess of two percent (2%) of the proceeds of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 will be used to pay costs of issuance of the Tax-Exempt Notes.
- (d) The acquisition, construction and operation of the Project in the manner presently contemplated and as described herein and in the Tax-Exempt Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be constructed and operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.
- (e) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Funding Loan Notes in order to provide funds for the Borrower Loan.
- (f) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell the Project.
- (g) The Borrower has contacted all "related persons" thereof (within the meaning of Section 147(a) of the Code) of which it is aware; and none of them shall, at any time, pursuant to any arrangement, formal or informal, acquire any interest in the Tax-Exempt Notes in an amount related to the amount of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2.
- (h) All of the proceeds from the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 plus any income from the investment of the proceeds thereof will be used to pay or reimburse the Borrower for Project costs, and at least 97% of the proceeds of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 will be used to pay or reimburse the Borrower for Qualified Project Costs (as defined in the Tax-Exempt Regulatory Agreement) and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 are expended so as to cause the Tax-Exempt Notes to constitute a "qualified residential rental bond" within the meaning of Section 142(d) of the Code.
- (i) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on the Tax-Exempt Notes to be included in the gross income of the owners thereof for purposes of federal income taxation.

(j) The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the weighted average maturity of the Tax-Exempt Notes does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Tax-Exempt Notes.

(k) The Borrower represents and warrants that no portion of the proceeds of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Borrower Loan as represented by the Borrower Note A-1 and Borrower Note A-2 will be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

2. The following covenants of Borrower are incorporated by reference in Section 7 of this Agreement:

(a) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Governmental Lender or otherwise, any action with respect to the proceeds of the Tax-Exempt Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Notes would have caused the Tax-Exempt Notes to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(b) Payment of Governmental Lender Fees and Expenses.

(i) Borrower hereby agrees to pay to the Governmental Lender the amounts described in Section 4A(d) of the Tax-Exempt Regulatory Agreement.

(ii) The Borrower agrees to pay to the Governmental Lender, within fifteen (15) days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Governmental Lender related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Agreement and are not paid from disbursements of the Borrower Loan, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Funding Loan.

(c) Tax Exempt Status of the Tax-Exempt Notes.

(i) It is the intention of the Governmental Lender, Bank and the Borrower that interest on the Tax-Exempt Notes shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the Bank and the Governmental Lender.

(ii) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Governmental Lender or the Bank hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Notes that would, or take or omit to take any other action that would cause the Tax-Exempt Notes to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 156(b) of the Code and applicable regulations promulgated from time to time thereunder.

(iii) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under the Funding Loan Agreement, the Borrower Loan Documents or

otherwise by the Bank, the Borrower shall determine the limitations and so instruct the Bank in writing and cause the Bank to comply with those limitations.

(iv) The Borrower will take such action or actions as may be reasonably necessary in the opinion of Tax Counsel or of counsel to the Governmental Lender, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code.

(v) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

(vi) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions of this Borrower Loan Agreement and of the Tax-Exempt Regulatory Agreement, and that in any event, the requirements of this Borrower Loan Agreement and the Tax-Exempt Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(vii) The Borrower shall not purchase, and shall use its best efforts to prevent any guarantor of the Borrower from purchasing, pursuant to an arrangement, formal or informal, any interest in the Funding Loan Notes in an amount related to the amount of the Borrower Loan.

(viii) The Borrower will use due diligence to complete the acquisition and construction of the Project and reasonably expects to fully expend the portion of the Borrower Loan by the Completion Date.

(ix) The Borrower will calculate or cause to be calculated, at the times required by the Code, any rebate due to the federal government in respect of the Tax-Exempt Notes, and will make timely payment of any rebate amount due to the federal government.

(d) Federal Guarantee Prohibition. The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Limited Liability. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement, the Funding Loan Notes or any of the other Borrower Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement. All obligations and any liability of the Governmental Lender shall be further limited as provided in Sections [4.1, 5.2 and 6.14] **[CHECK]** of the Funding Loan Agreement.

EXHIBIT D
CONDITIONS TO CONVERSION

The following shall be the conditions precedent to conversion:

Conditions to Conversion		Check When Satisfied
(a)	The final disbursement shall have occurred.	<input type="checkbox"/>
(b)	All indebtedness incurred by the Borrower in connection with the Project, including, but not limited to, the Borrower Loan and any subordinate financing, shall be completely funded and, if applicable, converted to permanent financing.	<input type="checkbox"/>
(c)	No material adverse change has occurred in the financial condition of Borrower or any other Loan Party, as evidenced by current Financial Statements provided by Borrower to Bank.	<input type="checkbox"/>
(d)	All representations and warranties made by Borrower in the Borrower Loan Documents and the Funding Loan Documents shall be true and correct on and as of the Conversion Date as if made on and as of the Conversion Date (and, if required by Bank, Bank shall have received a certificate of Borrower to that effect).	<input type="checkbox"/>
(e)	The Improvements shall not have been materially injured or damaged by fire or other casualty.	<input type="checkbox"/>
(f)	Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof, or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender's and Bank's interest under the Deed of Trust as a first lien on the Real Property, excepting only such items as shall have been approved in writing by Bank.	<input type="checkbox"/>
(g)	Borrower delivers to Bank fully executed copies of any amendments or assignments affecting the formation documents of Borrower and, if applicable, its constituent general partners or members, to the extent not previously provided to and approved by Bank.	<input type="checkbox"/>
(h)	Borrower provides Bank with current evidence of the insurance coverage required pursuant to this Agreement, provided that Borrower need not provide evidence of course of construction insurance and Borrower shall in addition provide evidence of business interruption and/or rental interruption insurance, as applicable.	<input type="checkbox"/>
(i)	Bank shall have received the Paydown Amount in cash or current funds.	<input type="checkbox"/>
(j)	During each month of the three-month period immediately preceding the Conversion Date; at least ninety percent (90%) of the Units within the Property shall have been leased to, and occupied by, third-party residential tenants under Acceptable Unit Leases executed by Borrower in strict compliance with the terms and conditions of this Agreement and the Regulatory Agreements.	<input type="checkbox"/>
(k)	The Improvements shall have been completed in substantial accordance with the Plans free and clear of all liens other than Permitted Liens and Bank shall have received copies of the final certificates of occupancy for each Unit within the Property.	<input type="checkbox"/>

Conditions to Conversion		Check When Satisfied
(l)	As of the Conversion Date, no Event of Default and no other event or condition that, with the giving of notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing.	<input type="checkbox"/>
(m)	If required by Bank, a current survey of the Real Property, including dimensions and delineation of all the Improvements and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.	<input type="checkbox"/>
(n)	Guarantor has executed and delivered to Governmental Lender and Bank the Indemnity Agreement.	<input type="checkbox"/>
(o)	The Debt Coverage Ratio for the Property shall have been at least 1.15 to 1.00 for the ninety (90) consecutive days immediately prior to the Conversion Date (assuming (i) an annual rate of interest equal to [_____] % [CHECK] (inclusive of the Margin) with respect to Borrower Note A-1 and [_____] % [CHECK] (inclusive of the Margin) with respect to Borrower Note A-2, and (ii) an amortization period of three hundred sixty (360) months with respect to the Borrower Note A-1 and one hundred eighty (180) months with respect to the Borrower Note A-2).	<input type="checkbox"/>
(p)	Borrower shall have established with Bank the Capital Improvement Reserve Account and collaterally assigned such account to Bank.	<input type="checkbox"/>
(q)	Borrower shall have paid to Bank all reasonable costs and expenses incurred by Bank in connection with the Conversion.	<input type="checkbox"/>
(r)	Borrower delivers to Bank such other documentation, certifications, opinions and information as may be required by Bank.	<input type="checkbox"/>
(s)	If requested by Bank, (a) each Subordinate Lender shall have executed and delivered to Bank an estoppel certificate which shall contains such certifications similar to the estoppel certifications provided in the applicable Subordination Agreement, as Bank shall reasonably require with respect to the applicable Subordinate Documents, and (b) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement.	<input type="checkbox"/>
(t)	Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.48, which shall provide for the Borrower to pay a fixed rate of interest no greater than [_____] % [CHECK] (including the Margin applicable during the Permanent Phase) with respect to Borrower Note-1 and [_____] % [CHECK] (including the Margin applicable during the Permanent Phase) with respect to Borrower Note A-2, on an amount not more than the entire outstanding principal balance of Borrower Note A-1 and Borrower Note A-2 for the period commencing no later than the Initial Conversion Date, or if Borrower elects to extend the Initial Conversion Date pursuant to Section 2.6 above, the Extended Conversion Date, through the Initial Maturity Date, or if Borrower elects to extend the Initial Maturity Date pursuant to Section 2.6 above, the Extended Maturity Date.	<input type="checkbox"/>
(u)	Such evidence as Bank may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least [\$_____] [CHECK] in the aggregate.	<input type="checkbox"/>

Conditions to Conversion		Check When Satisfied
(v)	The Loan-to-Value Ratio shall not exceed eighty percent (80%). In the event the Loan-to-Value Ratio exceeds eighty percent (80%), then Borrower shall have the option to pay down the outstanding principal balance under the Borrower Note by an amount that will reduce such ratio to no more than eighty percent (80%). Bank shall have the right to require an Appraisal of the Property. Any and all costs, fees and expenses incurred in connection with such Appraisal shall be paid by Borrower.	<input type="checkbox"/>
(w)	Borrower shall have entered into the HAP Contract on terms and conditions acceptable to Bank, and the HAP Contract shall have been collaterally assigned by the Borrower to the Bank pursuant to the Assignment of HAP Contract and the Housing Authority shall have consented to such assignment of the HAP Contract pursuant to the Assignment of HAP Contract.	<input type="checkbox"/>
(x)	Borrower shall have all out-of-pocket expenses, including but not limited to recording and filing fees, title insurance premiums, survey invoices, escrow fees, legal fees, appraisal and inspection fees in connection with the Conversion.	<input type="checkbox"/>
(y)	Borrower shall have delivered to Bank fully executed copies of the AHSC Permanent Loan Documents, each in form and content acceptable to Bank, and the AHSC Permanent Loan shall have been closed and fully funded, or shall close and fully fund concurrently with Conversion.	<input type="checkbox"/>



CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)

by and among

COUNTY OF CONTRA COSTA, CALIFORNIA

as Governmental Lender,

MUFG UNION BANK, N.A.,

as Bank

and

RIVIERA FAMILY APARTMENTS, L.P.,
a California limited partnership,

as Borrower

Dated: September 1, 2016

Relating to

[\$19,917,000] **[CHECK]**
County of Contra Costa
Multifamily Housing Revenue Notes, Series 2016C
(Riviera Family Apartments)

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**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

QUINT & THIMMIG LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, California 94939-1726
Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

COUNTY OF CONTRA COSTA, CALIFORNIA,

and

**RIVIERA FAMILY APARTMENTS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

dated as of September 1, 2016

relating to:

\$ _____

**County of Contra Costa
Multifamily Housing Revenue Notes
(Riviera Family Apartments), Series 2016C**

consisting of:

\$ _____ Promissory Note C-1 (Multifamily Housing Back to Back Loan Program)
\$ _____ Promissory Note C-2 (Multifamily Housing Back to Back Loan Program)
\$ _____ Promissory Note C-3 (Multifamily Housing Back to Back Loan Program)

Regulatory Agreement and Declaration
of Restrictive Covenants
Poway Family Partners, L.P.
December 12, 2005
Page 2

Agreement

This Regulatory Agreement and Declaration of Restrictive Covenants pertains to the ____ units of multifamily rental housing located at _____ Riviera Avenue in the City of Walnut Creek, California.

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Agreement" or this "Regulatory Agreement"), dated as of September 1, 2016, is by and between the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic of the State of California (together with any successor to its rights, duties and obligations, the "Governmental Lender"), and RIVIERA FAMILY APARTMENTS, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder, the "Borrower").

RECITALS:

WHEREAS, the Governmental Lender proposes to issue its \$_____ County of Contra Costa Multifamily Housing Revenue Note (Riviera Family Apartments), Series 2016C, Promissory Note C-1 (Multifamily Housing Back to Back Loan Program), \$_____ County of Contra Costa Multifamily Housing Revenue Note (Riviera Family Apartments), Series 2016C, Promissory Note C-2 (Multifamily Housing Back to Back Loan Program), and \$_____ County of Contra Costa Multifamily Housing Revenue Note (Riviera Family Apartments), Series 2016C, Promissory Note C-3 (Multifamily Housing Back to Back Loan Program) (collectively, the "Funding Loan Notes"), pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the "Act"), with the proceeds of the Funding Loan Notes to be utilized to fund a loan to the Borrower (the "Borrower Loan") pursuant to the terms of the Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program), dated as of September 1, 2016 (as supplemented and amended from time to time, the "Borrower Loan Agreement"), among the Governmental Lender, MUFG Union Bank, N.A. (the "Bank") and the Borrower, in order to enable the Borrower to finance the acquisition and rehabilitation of a total of 38 units of multifamily rental housing located in the City of Walnut Creek (the "City") collectively known as Riviera Family Apartments, including (a) 30 units located at 1515 Riviera Avenue in the City, and (b) 28 units located at 1738 Riviera Avenue in the City (collectively referred to in the Borrower Loan Agreement as the "Project" and in this Regulatory Agreement as the "Projects"); and

WHEREAS, in connection with the Borrower Loan and the financing of the Projects, the Governmental Lender and the Borrower will enter into two (2) separate Regulatory Agreements and Declaration of Restrictive Covenants, each dated as of September 1, 2016, one with respect to each of the two different sites comprising real property on which the Projects are located; and

WHEREAS, this is one of such agreements, is referred to herein as the "Agreement" or the "Regulatory Agreement," and pertains to the site described in Exhibit A hereto and the units on such site (such units being referred to in this Regulatory Agreement as the "Project"); and

WHEREAS, the other Regulatory Agreement and Declaration of Restrictive Covenants that pertains to units comprising the Projects that are not to be located on the site described in Exhibit A hereto is referred to herein as the "Other Regulatory Agreement," and the units situated on the site described in Exhibit A to the Other Regulatory Agreement are referred to herein as the "Other Project;" and

WHEREAS, in order to assure the Governmental Lender and the owner of the Tax-Exempt Notes (as defined in the Funding Loan Agreement, dated as of September 1, 2016, between the Governmental Lender and the Bank) that interest on the Tax-Exempt Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and to satisfy the public purposes for which the Funding Loan Notes are authorized to be issued under the Act, and to satisfy the purposes of the Governmental Lender in determining to issue the Funding Loan Notes, certain limits on the occupancy of units in the Project and the units in the Other Project need to be established and certain other requirements need to be met.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the issuance of the Funding Loan Notes by the Governmental Lender and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Governmental Lender and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, in Section 1.1 of the Funding Loan Agreement, dated as of September 1, 2016, between the Governmental Lender and MUFG Union Bank, N.A., or in Section 1 of the Borrower Loan Agreement (as defined in the Recitals to this Agreement).

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Law, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"Administrator" means the Governmental Lender or any administrator or program monitor appointed by the Governmental Lender to administer this Regulatory Agreement, and any successor administrator appointed by the Governmental Lender.

"Affiliated Party" means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose

relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Affordable Rents” means thirty percent (30%) of an amount equal to sixty percent (60%) of the median gross income for the Area, adjusted for household size (as described in the definition of “Lower Income Tenant” in this Section 1), less a utility allowance calculated as set forth in U.S. Treasury Regulation Section 1.42-10.

“Area” means the metropolitan statistical area in which the Project and the Other Project is located.

“Area Median Gross Income” means the median gross income for the Area, as determined by the Secretary of the Treasury in a manner consistent with determination of lower-income families and area median gross income under Section 8 of the Housing Law and Section 3009a of the Housing and Economic Recovery Act of 2008, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

“Borrower Loan Agreement” has the meaning given to such term in the first Recital to this Regulatory Agreement.

“CDLAC” means the California Debt Limit Allocation Committee, or successor thereto.

“CDLAC Resolution” means Resolution No. 16-9 adopted by CDLAC on March 16, 2016, with respect to the Projects.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Administrator, on behalf of the Governmental Lender, and the Bank pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit F to this Regulatory Agreement, or in such other form as may be provided by the Governmental Lender or the Administrator to the Borrower, or as otherwise approved by the Governmental Lender.

“City” means the City of Walnut Creek, California.

“Closing Date” has the meaning given to the term “Closing Date” in the Funding Loan Agreement.

“Completion Certificate” means the certificate of completion of the construction of the Projects required to be delivered to the Governmental Lender by the Borrower

pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” means the date of completion of the acquisition and construction of the Projects, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“County” means the County of Contra Costa, California.

“FOCUS Program” means (a) the FOCUS Compliance Verification Program (user’s guide located at www.housingcompliance.org/contracosta) utilized by the Governmental Lender to verify the Borrower’s compliance with various requirements of this Regulatory Agreement; or (b) any similar program used by the Governmental Lender, in substitution for the program described in the preceding clause (a), to verify the Borrower’s compliance with various requirements of this Regulatory Agreement.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of September 1, 2016, between the County, as Governmental Lender and MUFG Union Bank, N.A., as it may be supplemented and amended from time to time in accordance with its terms.

“Governmental Lender Annual Fee” means, for the period from the Closing Date to but not including September 1, 2017, an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Funding Loan; and, thereafter, on each September 1 during the remainder of the Qualified Project Period, commencing September 1, 2017, an amount equal to the greater of (a) one-eighth of one percent of the then outstanding principal amount of the Funding Loan, or (b) \$5,000.

“Governmental Lender Issuance Fee” means an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Funding Loan.

“Housing Law” means the United States Act of 1937, as amended, or its successor.

“HUD” means the United States Department of Housing and Urban Development, or any successor thereto.

“Inducement Date” means December 8, 2015, being the date of adoption by the Board of Supervisors of the Governmental Lender of Resolution No. 2015/455 expressing the Governmental Lender’s intent to issue the Funding Loan Note to finance costs of the Projects.

“Low Income Tenant” means individuals or families whose Adjusted Income does not exceed sixty percent (60%) of Area Median Gross Income; provided, however,

that if all the occupants of a Low Income Unit are students (as defined in Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, the occupants of that Low Income Unit shall in no event be deemed to be "Low Income Tenants." The Adjusted Income of individuals and Area Median Gross Income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and Area Median Gross Income under Section 8 of the Housing Law (or, if such program is terminated, under such program in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size as prescribed under Section 8 of the Housing Law.

"Low Income Units" means the units in the Project and in the Other Project required to be rented, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a) and 6(a) hereof.

"Manager" means the property manager of the Project.

"Other Project" has the meaning given to such term in the Recitals to this Regulatory Agreement.

"Other Regulatory Agreement" has the meaning given to such term in the Recitals to this Regulatory Agreement.

"Project" means the rental housing units located on the real property site described in Exhibit A hereto, and consisting of those facilities, including the Borrower's fee interest in the real property described in Exhibit A hereto, structures, buildings, fixtures or equipment, as may at any time exist on such real property, the acquisition and construction of which is to be financed, in whole or in part, from the proceeds of the issuance of the Funding Loan Note or the proceeds of any payment by the Borrower pursuant to the Borrower Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities. It is hereby acknowledged that the terms "Project" or "Improvements" when used in the Borrower Loan Agreement, means the "Project" as defined herein together with the "Other Project," as defined herein.

"Project Costs" means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and construction of the Projects, whether paid or incurred prior to or after the Inducement Date, including, without limitation, predevelopment interest expenses, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to

determining the feasibility of the Projects, contractors' and Borrower's overhead and supervisors' fees and costs directly allocable to the Projects, administrative and other expenses necessary or incident to the Projects and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during the construction period and prior to the Completion Date.

"Projects" has the meaning given to such term in the Recitals to this Regulatory Agreement.

"Qualified Project Costs" means Project Costs that meet each of the following requirements: (a) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and construction of the Projects shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction of the Projects shall not be a Qualified Project Cost; and provided still further that if any portion of either of the Projects is being constructed by an Affiliated Party (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (i) the actual out-of-pocket costs incurred by such Affiliated Party in constructing the Projects (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (iii) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Projects, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition or construction of the Projects or payments received by such Affiliated Party due to early completion of the construction of one or both of the Projects (or any portion thereof); (b) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (c) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Tax-Exempt Notes, and (d) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Tax-Exempt Notes, such costs were (i) costs of issuance of the Tax-Exempt Notes, (ii) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Projects (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Projects that do not exceed twenty percent (20%) of the issue price of the Tax-Exempt Notes (as defined in United States Treasury Regulations §1.148-1), or (iii) were capital expenditures with respect to the Projects that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Projects are placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified

Project Costs” shall not include costs related to the acquisition or construction of any office or commercial space not functionally related to the dwelling units in the Project or in the Other Project.

“Qualified Project Period” means the period beginning on the Closing Date, and ending on the later of (a) the date which is 15 years after the date on which at least fifty percent (50%) of the aggregate of the residential units in the Projects are first occupied following the Completion Date, (b) the first day on which no Tax-Exempt private activity bond issued with respect to either of the Projects is outstanding, (c) the date on which any assistance provided with respect to each of the Projects under Section 8 of the Housing Law terminates, or (d) the date on which Tax-Exempt Notes are paid in full; provided that, unless otherwise amended or modified in accordance with the terms hereof, the Qualified Project Period for purposes of this Regulatory Agreement shall be 55 years from the Closing Date, as required by the Governmental Lender’s policies applicable to multifamily housing revenue bonds and the CDLAC Resolution. For purposes of clause (b), the term “private activity bond” has the meaning contemplated in Section 142(d)(2)(A)(ii) of the Code.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Notes, that such interest is excluded from gross income for federal income tax purposes; provided, however, that: (a) such interest may be included in gross income of any owner of a Tax-Exempt Note that is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code; and (b) such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tax-Exempt Notes” has the meaning given to such term in the Funding Loan Agreement.

“Tax Counsel” has the meaning given to such term in the Funding Loan Agreement.

“Verification of Income” means a Verification of Income in the form attached as Exhibit E to this Regulatory Agreement or in such other form as (a) is acceptable to the Governmental Lender, or (b) is promulgated by the California Tax Credit Allocation Committee, so long as any such form contains the information needed to assure the Project is in compliance with the requirements of Sections 4 and 6 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. The Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Borrower. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Governmental Lender or the Bank on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Borrower Loan to be applied in a manner contrary to the requirements of the Borrower Loan Agreement, this Regulatory Agreement or the Other Regulatory Agreement.

(c) The Borrower will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Notes or the exemption from California personal income taxation of the interest on the Funding Loan Notes and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Governmental Lender, the Bank and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Notes.

(e) The proceeds of the loan to the Borrower under the Borrower Loan Agreement will be used to pay costs of the acquisition and construction of the Projects and related costs. The commencement of the acquisition and construction by the Borrower of the Project and the Other Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Borrower Loan pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Borrower Loan.

(f) The Borrower will proceed with due diligence to complete the acquisition and construction of the Projects and the full expenditure of the proceeds of the Borrower Loan. The Borrower reasonably expects to expend the full \$_____ authorized principal amount of the Borrower Loan for Project Costs by _____ 1, ____.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Borrower Loan have been accurately set forth in a certificate of the Borrower delivered to the Governmental Lender on the Closing Date. At all times, the aggregate disbursements of the proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Notes will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-five percent (95%) or more of such disbursements, and less than twenty-five percent (25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) The Borrower will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Borrower Loan to be applied in a manner contrary to the requirements of the Borrower Loan Agreement, this Regulatory Agreement, the Other Regulatory Agreement, the Act or the Code.

(i) On or as soon as practicable after the Completion Date of the Projects, the Borrower will submit to the Governmental Lender (with a copy to the Bank) a duly executed and completed Completion Certificate. Only one Completion Certificate shall be prepared and filed with respect to this requirement and Section 2(i) of the Other Regulatory Agreement.

(j) The Borrower acknowledges that the Governmental Lender may appoint an Administrator other than the Governmental Lender to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Governmental Lender or the Administrator to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender.

(k) Within thirty (30) days after the date on which fifty percent (50%) of the dwelling units in the Project and in the Other Project are occupied, the Borrower will

submit to the Governmental Lender and the Bank, and will cause to be recorded in the County Recorder's office, a duly executed and completed Certificate as to Commencement of Qualified Project Period in the form of Exhibit D hereto.

(l) Money on deposit in any fund or account in connection with the Borrower Loan or the Funding Loan Notes, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Tax-Exempt Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Tax-Exempt Notes from being "arbitrage bonds" under the Code.

(m) All of the proceeds of the Funding Loan and earnings from the investment of such proceeds will be used to pay costs of the Projects; and no more than two percent (2%) of the proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Notes will be used to pay costs associated with the issuance, execution and delivery of the Tax-Exempt Notes.

(n) No portion of the proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Notes shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Notes shall be used for an office unless the office is located on the premises of the facilities constituting the Project or the Other Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project or the Other Project.

(o) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate.

(p) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code.

(q) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement and the Other Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Funding Loan Notes and the Borrower Loan Documents to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Funding Loan Notes in order to provide funds to assist the Borrower in acquiring and constructing the Projects.

(r) Notwithstanding the provisions of Section 2(c)(ix) of the Borrower Loan Agreement, and in addition thereto, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Tax-Exempt Notes have been paid in full, determining that either (i) no excess investment earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Tax-Exempt Notes in the prior five-year period (or, with respect to the final such report following the repayment of the Tax-Exempt Notes, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen during the prior five-year period (or, with respect to the final such report following the repayment of the Tax-Exempt Notes, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Governmental Lender, each time within one week of its receipt of the same from the independent firm that prepared the respective report.

Section 3. Qualified Residential Rental Project. The Borrower hereby acknowledges and agrees that the Project is to be constructed, owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed and operated for the purpose of providing multifamily residential rental property. The Borrower will construct, own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project are and will be similarly constructed units, and each dwelling unit in the Project contains complete, separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a household, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis and the Borrower will not rent any of the units for a period of less than thirty (30) consecutive days, and none of the dwelling units in the Project will at any time be leased or rented for use as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period (except that the Borrower may obtain final map approval and the Final Subdivision Public Report from the California Bureau of Real Estate and may file a condominium plan with the City of Walnut Creek).

(e) All of the dwelling units in the Project will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come first-served basis, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for a resident manager or other administrative use, (ii) to the extent that dwelling units are required to be leased or rented to Low Income Tenants hereunder, and (iii) to the extent units in the Project are required to be leased pursuant to the Extended Use Agreement, the City Restrictions, the County Restrictions, the Infill Restrictions, the AHSC Grant Restrictions, the AHSC Permanent Loan Restrictions and the Tax Credit Allocation Documents, as such terms are defined in the Borrow Loan Agreement.

(f) The Project site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. AFDC, SSI), physical disability, age (except as may be required under any of the documents described in Section 3(e)(iii)), national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of dwelling units in the Project.

(i) The Borrower will not sell dwelling units within the Project.

(j) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Notes does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the Tax-Exempt Notes.

(k) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender from enforcing the requirements of the applicable Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the applicable Regulations, it will either prepay the Borrower Loan or, if permitted under the provisions of the Borrower Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

The Governmental Lender hereby elects to have each of the Projects meet the requirements of Section 142(d)(1)(B) of the Code.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, not less than forty percent (40%) of the units in the Project, and not less than forty percent (40%) of the units in the Other Project, will be occupied by, or held vacant and available for occupancy by, Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project or in the Other Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant of the same household size, the next available unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant. Until such next available unit is rented to a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the Low Income Unit requirements of Section 4(a) hereof (but shall not be so deemed to continue to be a Low Income Tenant upon the rental of an available unit of comparable or smaller size to a tenant who is not a Low Income Tenant).

(c) For the Qualified Project Period, the Borrower will obtain, complete, and maintain on file Verification of Income certifications for each Low Income Tenant, including (i) a Verification of Income dated immediately prior to the initial occupancy of such Low Income Tenant in the Project or in the Other Project, and (ii) thereafter, an annual Verification of Income with respect to each Low Income Tenant within thirty days before or after the anniversary of such tenant's initial occupancy of a unit in the Project or in the Other Project. In lieu of obtaining an annual Verification of Income, the

Borrower may, with respect to any particular twelve-month period ending June 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of the respective June 1, no Low Income Unit in the Project or in the Other Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project or the Other Project. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Verifications of Income for tenants.

The Borrower also will provide such additional information as may be required in the future by the State of California, by the Governmental Lender, by CDLAC and by the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Governmental Lender, copies of Verification of Income for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Governmental Lender, as requested.

The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Governmental Lender.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit any duly authorized representative of the Governmental Lender, the Administrator, the Bank, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project and the Other Project, including those records pertaining to the occupancy of the Low Income Units.

(e) The Borrower will prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period rent rolls and other information required by the FOCUS Program as applicable to the Project and the Other Project. The Borrower will also prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period

ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period to the Administrator (with a copy to the Bank), a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the aggregate of the dwelling units in the Project and in the Other Project which were occupied or deemed occupied, pursuant to subsection (a) hereof, by Low Income Tenants during the preceding applicable quarterly period; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement or the Other Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default.

During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project and the Other Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Bank or the Administrator on behalf of the Governmental Lender, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that if upon any such certification such tenant's Adjusted Income exceeds the applicable Low Income Tenant income limit under Section 4(b), such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase.

Section 4A. Additional Requirements of the Governmental Lender. In addition to the requirements set forth elsewhere in this Regulatory Agreement and to the extent not prohibited by the requirements set forth in Sections 4, 5 and 6 hereof, the Borrower hereby agrees to comply with each of the requirements of the Governmental Lender set forth in this Section 4A, as follows:

(a) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Governmental Lender, in a reasonable condition

for proper audit and subject to examination upon reasonable notice (which need not be in excess of three Business Days, as defined in the Funding Loan Agreement) and during business hours by representatives of the Governmental Lender.

(b) The Borrower shall not discriminate on the basis of race, creed, color, religion, sex, sexual orientation, marital status, national origin, source of income (e.g. AFDC and SSI), ancestry or handicap in the lease, use or occupancy of the Project (except as required to comply with Section 3(e)(iii)), or in connection with the employment or application for employment of persons for the construction, operation, or management of the Project.

(c) The Borrower shall not permit occupancy in any unit in the Project by more than (i) two persons per bedroom in the unit, plus (ii) one person; and the Borrower shall at all times offer for rent the largest unit then available for the applicable household size (being one bedroom units for 2-3 person households, and two bedroom units for 4-5 person households).

(d) The Borrower shall pay directly to the Governmental Lender (i) on the Closing Date the Governmental Lender Issuance Fee and the Governmental Lender Annual Fee for the period from the Closing Date to but not including September 1, 2017, and (ii) on each September 1, on and after September 1, 2017, the Governmental Lender Annual Fee; without in either case any requirement for notice or billing of the amount due. Notwithstanding the foregoing, only one Governmental Lender Issuance Fee, and annually only one Governmental Lender Annual Fee, shall be payable under this Regulatory Agreement and the Other Regulatory Agreement.

In addition to the foregoing, the Borrower shall pay to the Governmental Lender promptly following receipt of an invoice that reasonably identifies the relevant expenses and the amounts thereof, any out of pocket expenses incurred by the Governmental Lender in connection with the Funding Loan Notes, the Funding Loan Agreement, this Regulatory Agreement, the Other Regulatory Agreement or the Borrower Loan Agreement, including but not limited to any costs related to the FOCUS Program.

(e) The rent limits set forth in Sections 6(b) and 6(f) shall apply to all Low Income Units. In addition, the rental payments paid by Low Income Tenants for the Low Income Units shall not exceed Affordable Rents.

(f) The Borrower will 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 Housing Law, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective tenants, nor shall the Borrower apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of units by such prospective tenants.

(g) The Borrower shall submit to the Governmental Lender: (i) rent rolls and other information required by the FOCUS Program on a quarterly basis as specified in Section 4(e), and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Governmental Lender in order to comply with reporting requirements of the Internal Revenue Service or the State.

(h) The Borrower shall pay to the Governmental Lender, to the extent not paid pursuant to the Borrower Loan Agreement or the Funding Loan Agreement, all of the amounts required by Section 2(b) of Exhibit C to (and otherwise under) the Borrower Loan Agreement and shall indemnify the Governmental Lender as provided in Section 9 hereof.

(i) The Governmental Lender may, at its option and at its expense, at any time appoint an Administrator to administer this Regulatory Agreement or any provision hereof and to monitor performance by the Borrower of all or of any of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the Governmental Lender to deliver to such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by such administrator as an agent of the Governmental Lender.

(j) The Borrower shall submit its written management policies with respect to the Project, if any, to the Governmental Lender for its review, and shall amend such policies in any way necessary to insure that such policies comply with the provisions of this Regulatory Agreement and the requirements of the existing program under Section 8 of the Housing Law, or its successors. The Borrower shall not promulgate management policies which conflict with the provisions of the addendum to the form of lease for the Project prepared by the Housing Authority of Contra Costa County, and shall attach such addendum to leases for tenants which are holders of Section 8 certificates.

(k) The Borrower shall screen and select tenants for desirability and creditworthiness at its discretion; provided, however, that the Borrower shall consider a prospective tenant's rent history for at least the one year period prior to application as evidence of the tenant's ability to pay the applicable rent.

(l) At least six months prior to the expiration of the Qualified Project Period the Borrower shall provide by first-class mail, postage prepaid, a notice to all tenants in the Low Income Units containing (i) the anticipated date of the expiration of the Qualified Project Period, (ii) any anticipated rent increase upon the expiration of the Qualified Project Period, (iii) a statement that a copy of such notice will be sent to the Governmental Lender, and (iv) a statement that a public hearing may be held by the Governmental Lender on the issue and that the tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. The Borrower shall also file a copy of the above-described notice with the Community Development Bond Program Manager of the Department of Conservation and Development of the Governmental Lender.

(m) Notwithstanding Section 1461 of the Civil Code, the provisions of this Section shall run with land and may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with the provisions of this Section.

(n) The Borrower shall not participate in any refunding of any of the Funding Loan Notes or the Funding Loan by means of the issuance of bonds or other obligations by any governmental body other than the Governmental Lender.

(o) Each of the requirements of Sections 3, 4, 6 and 7 hereof is hereby incorporated as a specific requirement of the Governmental Lender, whether or not required by California or federal law.

(p) The requirements of Section 6 and this Section 4A shall be in effect for the Qualified Project Period.

Any of the foregoing requirements of the Governmental Lender contained in this Section 4A may be expressly waived by the Governmental Lender in writing, but (i) no waiver by the Governmental Lender of any requirement of this Section 4A shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Notes for federal income tax purposes; and (ii) any requirement of this Section 4A shall be void and of no force and effect if the Governmental Lender and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Notes to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Section 5. Tax-Exempt Status of the Tax-Exempt Notes. The Borrower and the Governmental Lender, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Governmental Lender will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Tax-Exempt Notes and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Borrower, the Governmental Lender and the Bank, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, and the requirements and restrictions of the Other Regulatory Agreement will be binding upon all owners of the Other Project,

including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth elsewhere in this Regulatory Agreement, so long as any of the Funding Loan Notes are outstanding the Borrower hereby agrees to comply with each of the requirements of the Act applicable to the Project. Without limiting the foregoing, the Borrower agrees as follows:

(a) As provided in Section 52080(a)(1)(B) of the Act, forty percent (40%) or more of the aggregate of the completed residential units in the Project shall be occupied by, or held vacant and available for occupancy by, lower income tenants within the meaning of Section 52080(a)(1) of the Act (it being acknowledged that units required to be set aside for Low Income Tenants pursuant to Section 4(a) may be counted for purposes of satisfying the requirements of this Section 6(a) if the related Low Income Tenants otherwise satisfy the requirements of this Section 6(a)).

(b) The rental payments paid by the occupants of the units described in paragraph (a) of this Section (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed thirty percent of sixty percent (60%) of area median income.

(c) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, Low Income Tenants who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Law. The selection criteria applied to certificate holders under Section 8 of the Housing Law shall not be more burdensome than the criteria applied to all other prospective tenants.

(d) The Borrower shall ensure that units occupied as required by paragraph (a) of this Section are of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants.

(e) As provided in Section 52080(e) of the Act, the Project may be syndicated after prior written approval of the Governmental Lender. The Governmental Lender shall grant that approval only after it determines that the terms and conditions of the syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements in this Agreement to be subordinated to the syndication agreement, or (3) shall not result in the provision of fewer assisted units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement. The Governmental Lender hereby acknowledges that this Section 6(e) does not apply to the syndication of federal tax credits for the Project as contemplated by the Borrower's partnership agreement.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and payment in full of the Funding Loan Notes, deed in lieu

of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant to Section 6(a) shall remain available to any eligible household occupying a reserved unit at the date of such expiration or termination, at a rent not greater than the amount required by Section 6(b), until the earliest of any of the following occur:

(1) The household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified in Section 6(a).

(2) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health, safety, occupancy or quiet enjoyment of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(3) Thirty years after the date of commencement of the Qualified Project Period.

(4) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the Government Code.

(g) Except in the event of foreclosure and prepayment in full of the Funding Loan Notes, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, during the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to eligible households reserved units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(h) This Section shall not be construed to require the Governmental Lender to monitor the Borrower's compliance with the provisions of paragraph (f), or that the Governmental Lender shall have any liability whatsoever in the event of the failure by the Borrower to comply with any of the provisions of this Agreement.

(i) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(j) This Regulatory Agreement shall be recorded in the office of the county recorder of the County, and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Governmental Lender as grantee.

Section 7. CDLAC Requirements. The acquisition, construction and operation of the Project and the financing thereof are and shall be in compliance with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as it may be amended, which conditions are incorporated herein by reference and are made a part hereof; provided, however, the Governmental Lender shall have no obligation under this Regulatory Agreement to monitor

and enforce the Borrower's compliance with the CDLAC Conditions. The Borrower shall prepare and submit to CDLAC (with a copy to the Governmental Lender), at the times required by CDLAC, a Certificate of Compliance in substantially the form attached hereto as Exhibit B hereto (or in such other form as CDLAC may require), executed by an authorized representative of the Borrower.

The Borrower acknowledges that the CDLAC Conditions include the following:

(a) 57 of the units in the Project and the Other Project be restricted for a term of 55 years, 6 of which units must be rented or held vacant and available for rental for persons or families whose income is at 50% or below of the Area Median Gross Income, and 51 of which units must be rented or held vacant and available for rental by persons or families whose income is at 60% or below of Area Median Gross Income.

(b) A minimum of \$15,324,110 of public funds will be expended for the Project and the Other Project.

(c) The Project and the Other Project and/or the financing must comply with the requirements in paragraphs 13, 18, and 25 of Exhibit A to the CDLAC Resolution.

The Borrower will promptly provide any information reasonably requested by the Governmental Lender in order for the Governmental Lender to comply with any regulations of CDLAC applicable to the CDLAC Resolution, the CDLAC Conditions, the Funding Loan Notes or the Projects, including but not limited to Section 5144 of Article 11 of the CDLAC regulations.

The Borrower will promptly provide any information requested by the Governmental Lender in order for the Governmental Lender to complete any Annual Applicant Public Benefit and On-going Compliance Self Certification or otherwise to comply with any regulations of CDLAC applicable to the CDLAC Resolution, the CDLAC Conditions or the Project, including but not limited to Section 5144 of Article 11 of the CDLAC regulations.

The requirements of this Section 7 may be waived in writing by CDLAC in its sole and absolute discretion, without the consent of the Governmental Lender or the Bank. CDLAC and the Governmental Lender each shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owner of the Funding Loan Notes.

Section 8. Modification of Covenants. The Borrower and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the CDLAC Conditions, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Bank and the Borrower, impose requirements upon the ownership or operation of the Project or of the Other Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the

Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the CDLAC Conditions, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Bank and the Borrower, impose requirements upon the ownership or operation of the Project or of the Other Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements, but only by written amendment signed by the Governmental Lender, in its sole discretion, and the Borrower, and only upon receipt by the Governmental Lender of the written opinion of Tax Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Tax-Exempt Notes or violate the requirements of the Act, and is otherwise in accordance with Section 22 hereof.

(c) The Borrower and the Governmental Lender shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Governmental Lender hereby appoints the Bank as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by Tax Counsel, as evidenced by receipt of the opinion required by paragraph (b) above) if either the Borrower or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Governmental Lender or the Borrower, the Bank shall take no action under this subsection (c) without first notifying the Borrower or the Governmental Lender, or both of them, as is applicable, and without first providing the Borrower or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Bank to execute an amendment to this Regulatory Agreement on behalf of the Governmental Lender.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of Tax Counsel is required or requested to be delivered hereunder after the Closing Date, the Bank, the Governmental Lender and the Borrower shall accept (unless otherwise directed in writing by the Governmental Lender) an opinion of Tax Counsel in such form and with such disclaimers as may be required so that such opinion will not be treated as a “covered opinion” for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

Section 9. Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Bank, the Administrator and each of their respective past, present and future officers, members of the Governmental Lender’s Board of Supervisors, directors, officials, employees and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees,

litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Funding Loan Notes, the Funding Loan Agreement, the Funding Loan, the Borrower Loan Agreement, the Borrower Loan, this Regulatory Agreement, the Other Regulatory Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of any of the Funding Loan Notes or any interest therein;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project or the Other Project, the operation of the Project or the Other Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Other Project or any part of either thereof;

(iii) any lien or charge upon payments by the Borrower to the Governmental Lender and the Bank hereunder or under the Borrower Loan Agreement, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project or the Other Project;

(iv) any violation of the provisions of Exhibit C to the Borrower Loan Agreement;

(v) the defeasance and/or prepayment, in whole or in part, of any of the Funding Loan Notes;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for any Funding Loan Note or any of the documents relating to any Funding Loan Note, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for any of the Funding Loan Notes of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on either of the Tax-Exempt Notes, or allegations that interest on a Tax-Exempt Notes is taxable or any regulatory audit or inquiry regarding whether interest on a Tax-Exempt Notes is taxable; or

(viii) the Bank's administration of the Borrower Loan Documents, or the exercise or performance of any of its powers or duties thereunder or under any of the Funding Loan Documents;

except (A) in the case of the foregoing indemnification of the Bank or any of its respective officers, directors, officials, employees and agents, to the extent such damages are caused by the gross negligence or willful misconduct of an Indemnified Party; or (B) in the case of the foregoing indemnification of the Governmental Lender or any of its officers, members of its Board of Supervisors, officials, employees and agents, to the extent, with respect to any such Indemnified Party, such damages are caused by the willful misconduct of the respective Indemnified Party seeking indemnification. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4A(a), this Section 9 and Section 20 shall survive the final payment or defeasance of the Funding Loan Notes and in the case of the Bank any resignation or removal. The provisions of this Section shall survive the termination of this Regulatory Agreement.

(c) Nothing contained in this Section 9 shall cause the obligation of the Borrower to pay principal and interest on the Borrower Loan or amounts owing with respect to a Borrower Note to be a recourse obligation of the Borrower.

(d) The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Governmental Lender or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Governmental Lender shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 10. Consideration. The Governmental Lender has agreed to issue the Funding Loan Notes to provide funds to lend to the Borrower to finance the acquisition and construction of the Project and the Other Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and operate the Project and the Other Project. In consideration of the issuance of the Funding Loan Notes by the Governmental Lender, the Borrower has entered into this Regulatory Agreement and the Other Regulatory Agreement, and has agreed to restrict the uses to which the Project and the Other Project can be put on the terms and conditions set forth herein and in the Other Regulatory Agreement.

Section 11. Reliance. The Governmental Lender and the Borrower hereby recognize and agree that the representations and covenants set forth herein and in the Other Regulatory Agreement may be relied upon by all persons interested in the legality and validity of the Funding Loan Notes, in the exemption from State personal income taxation of interest on the Funding Loan Notes and in the Tax-Exempt status of the interest on the Tax-Exempt Notes. In performing their duties and obligations hereunder, the Governmental Lender, the Bank and the Administrator may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project and the Other Project. In addition, the Governmental Lender, the Bank and the Administrator may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender, the Bank or the Administrator hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Governmental Lender shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Governmental Lender or the Bank by the Borrower with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Sale or Transfer of the Project. For the Qualified Project Period, the Borrower shall not, except as provided below and in accordance with the Borrower Loan Agreement and the Deed of Trust, sell, transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Governmental Lender, which consent shall be given as promptly as practicable following: (A) the receipt by the Governmental Lender of evidence acceptable to the Governmental Lender that (1) the Borrower shall not be in default hereunder, under the Other Regulatory Agreement or under the Borrower Loan Agreement (which may be evidenced by a certificate of the Borrower) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Governmental Lender; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar-sized rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local government requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of, building code violations or significant and material complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the purchaser or assignee of any document requested by the Governmental Lender with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and the Borrower Loan Agreement, including without

limitation an instrument of assumption hereof, and delivery to the Governmental Lender of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee; (C) receipt by the Governmental Lender of an opinion of Tax Counsel addressed to the Governmental Lender and the Bank to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Notes; (D) receipt by the Governmental Lender and Bank of all fees and/or expenses then currently due and payable to the Governmental Lender and Bank; (E) satisfaction of such other conditions or matters as are set forth in the Borrower Loan Agreement and the Deed of Trust; (F) the Other Project shall be transferred coterminously with the transfer of the Project, to the same transferee; and (G) such other conditions are met as the Governmental Lender may reasonably impose. The Governmental Lender hereby consents to a transfer of the Project by the Borrower to its general partner or its affiliate, if the Governmental Lender receives the documents listed in the preceding sentence. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Nothing in this Section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully and automatically released from its obligations hereunder to the extent such obligations have been assumed by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 12, except that no consent of the Governmental Lender shall be required in the case of any transfer of the Project to a general partner of the Borrower or an affiliate of a general partner of the Borrower if any applicable conditions set forth in the Borrower Loan Agreement and any conditions set forth in the Security Instrument are satisfied and, in any event, the Borrower notifies the Governmental Lender in writing of any such transfer.

Notwithstanding anything contained in this Section 12 to the contrary, neither the consent of the Governmental Lender nor the delivery of items (A) through (F) of the preceding paragraph shall be required in the case of (a) the execution, delivery and recordation by Borrower of any mortgage or deed of trust encumbering all or any part of the Project, or (b) a foreclosure or deed in lieu of foreclosure by the Bank whereby the Bank or a purchaser at a foreclosure sale becomes the owner of the Project, and nothing contained in this Section 12 shall otherwise affect the right of the Bank or a purchaser at a foreclosure sale to foreclose on the Project or to accept a deed in lieu of foreclosure. The Governmental Lender's consent otherwise required by item (A) of the preceding paragraph shall not be required in connection with any purchase of the Project by a partner of the Borrower as allowed for in the Borrower's partnership agreement. In addition, the provisions of this Section 12 shall not apply to (i) the replacement of the managing general partner of the Borrower by an entity formed by or that is a subsidiary of the initial managing general partner of the Borrower, (ii) the withdrawal of any limited partner of the Borrower from its partnership, (iii) any transfer of limited partnership interests in the Borrower and the admission of a substitute limited partner, (iv) any transfer of direct or indirect interests in any limited partner of the Borrower, or (v) any transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to

time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of a limited partner of the Borrower pursuant to the Borrower's partnership agreement; provided, however, that the Governmental Lender shall receive notice from the Borrower of any transfer of general partner interests.

For the Qualified Project Period, the Borrower shall not: (1) except pursuant to the provisions of this Regulatory Agreement, the Borrower Loan Agreement and the Security Instrument (and upon receipt by the Borrower of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Notes), or except upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement, subordinate or encumber any of the Project or grant commercial leases (not including any laundry, cable, management office equipment, resident service (including but not limited to convenience vending, or satellite television) or similar or related leases) of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the payment in full of the Funding Loan Notes and discharge of the Funding Loan Agreement, the Borrower Loan Agreement and the Deed of Trust.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Governmental Lender and the Bank from enforcing such provisions, or condemnation, foreclosure, transfer of title by deed in lieu of foreclosure, or a similar event, but only if, within a reasonable period, either the Funding Loan Notes are fully prepaid and no further amounts are owing in respect of the Funding Loan or amounts received as a consequence of such event are used to provide a project which meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof;

provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in interest to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit. The Governmental Lender and the Borrower hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Governmental Lender and the Borrower hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Funding Loan Notes were issued.

Section 16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement or in the Other Regulatory Agreement, and if such default remains uncured for a period of thirty (30) days after notice thereof shall have been given by the Governmental Lender or the Bank to the Borrower (with a copy to the Equity Investor), or for a period of thirty (30) days from the date the Borrower should, with due diligence, have discovered such default, then the Governmental Lender or the Bank, acting on its own behalf or on behalf of the Governmental Lender (to the extent directed in writing by the Governmental Lender, subject to the provisions of the Funding Loan Agreement), shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within thirty (30) days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said thirty (30) days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Tax Counsel, the failure to cure said default within thirty (30) days will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Notes. The Governmental Lender and the Bank shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement and under the Other Regulatory Agreement within shorter periods of time than are

otherwise provided herein if necessary in the opinion of Tax Counsel to insure compliance with the Act or the Code.

Any limited partner of the Borrower shall have the right but not the obligation to cure any Event of Default, and the Governmental Lender and the Bank agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

Following the declaration of an Event of Default hereunder the Governmental Lender, or the Bank may, at their respective options, take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Governmental Lender or the Bank hereunder;

- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project and the Other Project;

- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder;

- (iv) with the prior written consent of the Bank, which may be withheld in the Bank's sole and absolute discretion, declare a default under the Borrower Loan Agreement and (subject to any applicable cure periods set forth in the Borrower Loan Agreement) proceed with any remedies provided therein; or

- (v) order and direct the Borrower in writing to terminate the then Manager of the Project and to select a replacement Manager reasonably satisfactory to the Governmental Lender within 60 days of such written direction, and to notify the Governmental Lender in writing of the identity of the replacement Manager.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Governmental Lender may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

The Bank shall have the right (but no obligation), in accordance with this Section and the provisions of the Funding Loan Agreement, without the consent or approval of the Governmental Lender, to exercise any or all of the rights or remedies of the Governmental Lender hereunder; provided that prior to taking any such action the Bank shall give the Governmental Lender written notice of its intended action. After the Funding Loan Agreement has been discharged, the Governmental Lender may act on its own behalf to declare an "Event

of Default” to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Bank.

All fees, costs and expenses of the Bank and the Governmental Lender incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid the Security Instrument or any like encumbrance upon the Project or any portion of either thereof given in good faith and for value.

Section 18. References to Bank. After the date on which the Funding Loan has been paid in full, all references to the Bank in this Regulatory Agreement shall be deemed references to the Governmental Lender.

Section 19. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement, the Other Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County and in such other places as the Governmental Lender or the Bank may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower and the Governmental Lender will file of record such other documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Governmental Lender and the Bank, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person (other than in any document granting a security interest to the Bank and, provided, however, that no such assignment shall be required in connection with the transfer of the Project to the Bank by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan) to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Administration Fees. Notwithstanding any prepayment of the Borrower Loan and notwithstanding a discharge of the Borrower Loan Agreement, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Governmental Lender its fees described in Section 4.A.(d) and in the event of default, to the Administrator, the Governmental Lender and to the Bank reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them in connection therewith.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State.

Section 22. Amendments; Waivers. (a) Except as otherwise provided in Section 8 above, this Regulatory Agreement may be amended only by a written instrument executed by the

parties hereto or their successors in title, and duly recorded in the real property records of the County, and only upon receipt by the Governmental Lender of an opinion from Tax Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Notes and is not contrary to the provisions of the Act.

(b) Anything to the contrary contained herein notwithstanding, the Governmental Lender and the Borrower hereby agree to amend this Regulatory Agreement and the Other Regulatory Agreement to the extent required, in the opinion of Tax Counsel, in order that interest on the Tax-Exempt Notes remain Tax-Exempt. The party requesting such amendment shall notify the other party to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Tax Counsel and a request that such Tax Counsel render to the Governmental Lender an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest of the Tax-Exempt Notes. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses set forth below or at such other addresses as may be specified in writing by the parties hereto.

If to the Governmental Lender or
the Administrator:

County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, California 94553
Attention: Community Development Bond
Program Manager

If to the Borrower:

Riviera Family Apartments, L.P.,
c/o Resources for Community Development
2220 Oxford Street
Berkeley, CA 94704
Attention: Executive Director

with a copy to:

Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, California 94612
Attention: Scott Barshay, Esq.

If to the Equity Investor:

Wells Fargo Bank, N.A.
333 Market Street, 18th Floor
MAC# A0119-183
San Francisco, CA 94105
Attention: _____

with a copy to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Frederick R. Meyer, Esq.

If to the Bank:

MUFG Union Bank, N.A.
Loan Administration Department
3151 East Imperial Highway, First Floor
Brea, CA 92821
Attention: Manager

with a copy to:

MUFG Union Bank, N.A.
Community Development Finance
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596-3570
Attention: Manager

The Governmental Lender, the Administrator, the Bank and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission.

Section 24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Third Party Beneficiaries; Enforcement. The Bank, the Administrator and CDLAC are intended to be and shall each be a third party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions (as defined in Section 7) and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owner or owners of the Funding Loan Note. Pursuant to Section 52080(k) of the Act, the requirements of Section 6 may be enforced either in law or in equity by any resident, local agency, entity, or

by any other person adversely affected by the Borrower's failure to comply with the requirements of that Section.

Section 27. The Bank. The Bank shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Bank, either on its own behalf or as the agent of and on behalf of the Governmental Lender, may, in its sole discretion, act hereunder and any act required to be performed by the Governmental Lender as herein provided shall be deemed taken if such act is performed by the Bank. In connection with any such performance, all provisions of the Funding Loan Agreement and the Borrower Loan Agreement relating to the rights, privileges, powers and protections of the Bank shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Bank in connection with this Regulatory Agreement. Neither the Bank nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Bank may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Bank may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by or on behalf of the Governmental Lender, or unless it has actual knowledge of noncompliance.

After the date the Funding Loan no longer remains outstanding as provided in the Funding Loan Agreement, the Bank shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Bank in this Regulatory Agreement shall be deemed references to the Governmental Lender.

Section 28. No Interference or Impairment of Loan. Notwithstanding anything herein to the contrary, (i) the occurrence of an event of default under this Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Borrower Loan Documents, except as may be otherwise specified in the Borrower Loan Documents, and shall not impair, defeat or render invalid the lien of the Security Instrument and (ii) neither of the Governmental Lender nor any other person shall:

- (a) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Borrower Loan;

- (b) interfere with or attempt to interfere with or influence the exercise by the Bank of any of its rights under the Borrower Loan Agreement, including, without limitation, the Bank remedial rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Borrower Loan Agreement; or

- (c) upon the occurrence of an event of default under the Borrower Loan Agreement, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan, it being understood and agreed that the Governmental Lender may not, without the prior written consent of the Bank, on

account of any default under this Regulatory Agreement, seek, in any manner, to cause the Borrower Loan to become due and payable, to enforce the Borrower Loan Agreement or to foreclose on the Deed of Trust or cause the Bank to foreclose or take any other action under the Borrower Loan Documents, the Funding Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the foregoing actions, events or results.

No person other than the Bank shall have the right to declare the principal balance of the Borrower Loan to be immediately due and payable or to initiate foreclosure or other like action.

The forgoing prohibitions and limitations shall not in any way limit the rights of the Governmental Lender to specifically enforce this Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Code and the Act, and shall not be construed to limit the rights of the Governmental Lender to enforce its rights against the Borrower under the indemnification provisions of the Regulatory Agreement provided that the prosecution of a claim for indemnification shall not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, construction, composition, reorganization, conservation or other similar law in effect now or in the future.

Notwithstanding the above, the provisions of this Section 28 shall not in any way limit or alter the Governmental Lender's authority, power or activities as a governmental regulatory agency pursuant to applicable laws and regulations relating to the Project or otherwise.

Section 29. Limitation on Borrower Liability. Notwithstanding any other provision or obligation to the contrary contained in this Regulatory Agreement, and except for the Borrower's obligations under Sections 9 and 20 of this Regulatory Agreement (which are not subject to the provisions and limitations of this Section 29) (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Bank or the Governmental Lender and their successors and assigns, is limited to the Borrower's interest in the Project and in the Other Project, the revenues therefrom, including the amount held in the funds and accounts created under the Funding Loan Agreement and the Borrower Loan Documents, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project and in the Other Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement and the Borrower Loan Documents, any rights of the Borrower under the Funding Loan Agreement and the Borrower Loan Documents or any other documents relating to the Funding Loan Note or any rights of the Borrower under any guarantees relating to the Project or the Other Project), its partners, successors, transferees

or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement or the Borrower Loan Agreement or any agreement securing the obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 30. Limited Liability. All obligations of the Governmental Lender incurred under this Regulatory Agreement shall be limited obligations, payable solely and only from Funding Loan proceeds and other amounts derived by the Governmental Lender from the Borrower Loan or otherwise under the Borrower Loan Agreement.

Section 31. Conflict With Other Affordability Agreements. In the event of any conflict between the provisions of this Regulatory Agreement and any agreement referenced in Section 3(e)(iii) hereof, the provisions providing for the most affordable units, with the most affordability, in the Project shall prevail, so long as at all times the requirements of Section 2, 3, 4, 4A, 6 and 7 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e)(iii) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

IN WITNESS WHEREOF, the Governmental Lender and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

COUNTY OF CONTRA COSTA

By: _____
Its: _____

RIVIERA FAMILY APARTMENTS, L.P.,
a California limited partnership

By: Stargell Commons LLC,
a California limited liability company,
its general partner

By: Resources for Community Development,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Daniel Sawislak,
Executive Director

[Signature Page to Regulatory Agreement – Riviera Family Apartments
____ Units located at _____ Riviera Family]

NOTARY ACKNOWLEDGMENT

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

County of _____

} SS.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

NOTARY ACKNOWLEDGMENT

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

County of _____

} ss.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF WALNUT CREEK, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[to come]

EXHIBIT B

FORM OF CERTIFICATE OF COMPLIANCE (CDLAC RESOLUTION)

Project Name: Riviera Family Apartments (Scattered Site)

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: County of Contra Costa

CDLAC Application No.: 16-304

Pursuant to Section 13 of Resolution No. 16-9 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on March 16, 2016, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and construction projects as evidenced by attached the applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or construction, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT C

COMPLETION CERTIFICATE

The undersigned hereby certifies that the acquisition and construction of the Project and of the Other Project was substantially completed as of _____.

The undersigned hereby further certifies that:

(1) the aggregate amount disbursed on the Borrower Loan to date is \$_____;

(2) all amounts disbursed on the Borrower Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Borrower Loan have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs;

(3) at least ninety-five percent (95%) of the amounts disbursed on the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Notes have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of all such disbursements have been used for the acquisition of land or an interest therein; and

(4) the Borrower is in compliance with the provisions of the Regulatory Agreements and Exhibit C to the Borrower Loan Agreement.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2016, between Riviera Family Apartments, L.P., a California limited partnership and the County of Contra Costa, California.

RIVIERA FAMILY APARTMENTS, L.P., a
California limited partnership

By: Stargell Commons LLC,
a California limited liability company,
its general partner

By: Resources for Community Development,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Daniel Sawislak,
Executive Director

EXHIBIT D

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attention: Community Development Bond Program Manager

**CERTIFICATE AS TO COMMENCEMENT OF
QUALIFIED PROJECT PERIOD**

COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE NOTES
(RIVIERA FAMILY APARTMENTS), SERIES 2016C

The undersigned, on behalf of Riviera Family Apartments, L.P., a California Limited Partnership, hereby certifies that (complete blank information):

10% of the dwelling units in the Project and the Other Project financed in part from the proceeds of the captioned notes were first occupied on _____, 20____.

50% of the dwelling units in the Project and the Other Project financed in part from the proceeds of the captioned notes were first occupied on _____, 20__.

Capitalized terms used in this Certificate as to Commencement of Qualified Project Period have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2016, between Riviera Family Apartments, L.P., a California limited partnership and the County of Contra Costa, California.

DATED: _____, 20____

RIVIERA FAMILY APARTMENTS, L.P.,
a California limited partnership

By: Stargell Commons LLC,
a California limited liability company,
its general partner

By: Resources for Community Development,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Daniel Sawislak,

Executive Director

EXHIBIT E

FORM OF VERIFICATION OF INCOME

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ 1st Recertification ☐ Other:

Effective Date:
Move-in Date:
(YYYY-MM-DD)

PART I - DEVELOPMENT DATA

Property Name: Riviera Family Apartments County: Contra Costa BIN #:
Address: _____ Riviera Avenue, Walnut Creek, CA Unit Number: # Bedrooms:

PART II. HOUSEHOLD COMPOSITION

☐ Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM//D D)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL
INCOME (E):

\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000 \$

X 2.00%

= (J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM

\$

ASSETS (K)

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

Effective Date of Move-in Income Certification:

Household Size at Move-in Certification:

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITYTOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES:

From item (L) on page 1

\$

Unit Meets Income
Restriction at:☐ 60% ☐ 50%☐ 40% ☐ 30%☐ %**RECERTIFICATION ONLY:**

Current Income Limit x 140%:

\$

Household Income exceeds 140%

at recertification:

☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in:

in:

PART VI. RENT

Tenant Paid Rent \$

Utility Allowance \$

Rent Assistance: \$

Other non-optional charges: \$

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance &
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ %

Maximum Rent Limit for this unit: \$

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes☐ noIf yes, Enter student explanation*
(also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

☐ ≤ 50% AMGI☐ ≤ 60% AMGI☐ ≤ 80% AMGI☐ OI**c. Tax Exempt ☐

Income Status

☐ 50% AMGI☐ 60% AMGI☐ 80% AMGI☐ OI**d. AHDP ☐

Income Status

☐ 50% AMGI☐ 80% AMGI☐ OI**e. ☐
(Name of Program)

Income Status

☐ _____☐ _____☐ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE
--

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Project Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

*Move-in Date	Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD)
*Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD)
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
*Vacant Unit	Check if unit was vacant on December 31 of requesting year.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total
*Effective Date of Income Certification	Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.

Enter the number of tenants corresponding to the total annual household income entered in

*Household Size
at
Certification

Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Full time is determined by the school the student attends.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

** Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*

TENANT INCOME CERTIFICATION QUESTIONNAIRE

Name: _____ Telephone Number: _____

()

<input type="checkbox"/> Initial Certification <input type="checkbox"/> Re-certification <input type="checkbox"/> Other	BIN # _____ Unit # _____
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INCOME INFORMATION

Yes No

MONTHLY GROSS INCOME

<input type="checkbox"/>	<input type="checkbox"/>	I am self employed. (List nature of self employment)	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <div style="text-align: center;"> <u>Name of Employer</u> 1) _____ 2) _____ 3) _____ </div>	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am currently receiving child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	If yes, from how many persons do you receive support? _____ I am currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	
<input type="checkbox"/>	<input type="checkbox"/>	I receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive income from real or personal property.	(use <u>net</u> earned income) \$ _____

<input type="checkbox"/>	<input type="checkbox"/>	Student financial aid (public or private, not including student loans) Subtract cost of tuition from Aid received	\$
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Asset information

YES	NO		INTEREST RATE	CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	I have a checking account(s). If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a savings account(s) If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a revocable trust(s) If yes, list bank(s) 1)	%	\$
<input type="checkbox"/>	<input type="checkbox"/>	I own real estate. If yes, provide description:		\$
<input type="checkbox"/>	<input type="checkbox"/>	I own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a whole life insurance policy. If yes, how many policies		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have cash on hand.		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years. If yes, list items and date disposed: 1) 2)		\$ \$

STUDENT STATUS

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of all persons who are <u>full-time</u> students (Examples: College/University, trade school, etc.)? Does the household consist of all persons who have been a <u>full-time</u> student in the previous 5 months? Does your household anticipate becoming an all full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to any of the previous three questions are you: <ul style="list-style-type: none">• Receiving assistance under Title IV of the Social Security Act (AFDC/TANF/Cal Works - not SSA/SSI)• Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program• Married and filing (or are entitled to file) a joint tax return• Single parent with a dependant child or children and neither you nor your child(ren) are dependent of another individual• Previously enrolled in the Foster Care program (age 18-24)
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PRESENTED ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. THE UNDERSIGNED FURTHER UNDERSTANDS THAT PROVIDING FALSE REPRESENTATIONS HEREIN CONSTITUTES AN ACT OF FRAUD. FALSE, MISLEADING OR INCOMPLETE INFORMATION WILL RESULT IN THE DENIAL OF APPLICATION OR TERMINATION OF THE LEASE AGREEMENT.

PRINTED NAME OF APPLICANT/TENANT_____
SIGNATURE OF APPLICANT/TENANT_____
DATE_____
WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)_____
DATE

EXHIBIT F

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

RIVIERA FAMILY APARTMENTS

Witnesseth that on this ____ day of _____, 20__, the undersigned, having borrowed certain funds from the County of Contra Costa, California (the "Governmental Lender") for the purpose of financing the above-listed multifamily rental housing development (the "Project"), does hereby certify that:

A. During the preceding twelve-months (i) the Project was continually in compliance with the Regulatory Agreement, (ii) ____% of the units in the Project were occupied by Low Income Tenants (minimum of 40%), (iii) the Other Project was continually in compliance with the Other Regulatory Agreement, and (iv) ____% of the units in the Other Project were occupied by Low Income Tenants (minimum of 40%).

B. Set forth below is certain information regarding occupancy of the Project and the Other Project as of the date hereof.

	<u>1738 Riviera Avenue</u>	<u>1140 Riviera Avenue</u>
1. Total Units:	_____	_____
2. Total Units Occupied:	_____	_____
3. Total Units Held Vacant and Available for Rent to Low Income Tenants	_____	_____
4. Total Low Income Units Occupied:	_____	_____
5. % of Low Income Units to Total Units % (equals the Total of Lines 3 and 4, divided by the lesser of Line 1 or Line 2)	_____%	_____%

C. The units occupied by Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project and the Other Project, respectively.

D. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement, the Other Regulatory Agreement, the Borrower Note, Borrower Loan Agreement or the Security Instrument.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

E. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2016, between the Governmental Lender and Riviera Family Apartments, L.P., a California limited partnership.

Date: _____

RIVIERA FAMILY APARTMENTS, L.P., a
California limited partnership

By: Stargell Commons LLC,
a California limited liability company,
its general partner

By: Resources for Community Development,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Daniel Sawislak,
Executive Director

RECORDING REQUESTED BY
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

MUFG Union Bank, N.A.
Loan Administration Department
3151 E. Imperial Highway, 1st Floor
Brea, CA 92821
Attn: Manager

(Space Above For Recorder's Use)

**ASSIGNMENT OF DEED OF TRUST AND
RELATED DOCUMENTS**

For value received, COUNTY OF CONTRA COSTA, CALIFORNIA ("Governmental Lender") hereby grants, conveys, assigns and transfers to MUFG UNION BANK, N.A., (the "Bank") for security purposes only without recourse, all right, title and interest of Governmental Lender (except for the "Reserved Rights," as defined in the Funding Loan Agreement, dated September 1, 2016 between the Governmental Lender and the Bank) under:

A. That certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated September 1, 2016 ("Borrower Loan Agreement") among Riviera Family Apartments, L.P., a California limited partnership ("Borrower"), Governmental Lender and Bank and all renewals, modifications and extensions thereof;

B. That certain Promissory Note A-1 Tax-Exempt (Multifamily Housing Back to Back Loan Program) in the original principal amount of [Sixteen Million Three Hundred Fifty-Three Thousand Seven Hundred Ninety-Eight and No/100 Dollars (\$16,353,798)] [**CHECK**], that certain Promissory Note A-2 Tax-Exempt (Multifamily Housing Back to Back Loan Program) in the original principal amount of [Two Million Eight Hundred Forty-Six Thousand Two Hundred Two and No/100 Dollars (\$2,846,202)] [**CHECK**], and that certain Promissory Note A-T Taxable (Multifamily Housing Back to Back Loan Program) in the original principal amount of [Seven Hundred Seventeen Thousand and No/100 Dollars (\$717,000)] [**CHECK**] (collectively, "Borrower Note"), each dated as of September 1, 2016 and executed by Borrower in favor of Governmental Lender, and all renewals, modifications and extensions thereof;

C. That certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed – Multifamily Housing Back to Back Loan Program) (the "Deed of Trust") dated as of September 1, 2016, executed by Borrower, as grantor, to UNIONBANCAL MORTGAGE CORPORATION, a California corporation ("Trustee"), as trustee, for the benefit of Governmental Lender and Bank, as beneficiaries, and recorded concurrently herewith in the Official Records of Contra Costa County, California, affecting the real property described in Exhibit "A" attached hereto and incorporated herein by this reference;

D. That certain policy of title insurance issued by North American Title Insurance Company to Governmental Lender and Bank and insuring the lien of the Deed of Trust;

E. That certain Assignment of Partnership Interest (General Partner) executed by Stargell Commons LLC, a California limited liability company, in favor of Governmental Lender and Bank;

F. That certain Assignment of Construction Contract executed by Borrower in favor of Governmental Lender and Bank;

G. That certain Assignment of Architect's Agreement, Plans and Specifications executed by Borrower in favor of Governmental Lender and Bank;

H. That certain Assignment of Management Agreement executed by Borrower in favor of Governmental Lender and Bank;

I. That certain Assignment of Rights to Tax Credits and Partnership Interests executed by Borrower in favor of Governmental Lender and Bank;

J. That certain Environmental Compliance Agreement executed by Borrower in favor of Governmental Lender and Bank;

K. That certain Loan and Completion Guaranty executed by Resources for Community Development, a California nonprofit public benefit corporation, in favor of Governmental Lender and Borrower; and

L. All other "Borrower Loan Documents" relating to the "Borrower Loan" (as each such term is defined in the Borrower Loan Agreement, all of which are granted to secure all obligations of Governmental Lender under that certain County of Contra Costa Multifamily Housing Revenue Note, Series 2016C (Riviera Family Apartments), in the principal amount of [Nineteen Million Nine Hundred Seventeen Thousand and No/100 Dollars (\$19,917,000)] **[CHECK]** executed by Governmental Lender and payable to the order of the Bank dated as of September 1, 2016, and all renewals, modifications and extensions thereof, together with all other obligations of Governmental Lender to the Bank under that certain Funding Loan Agreement dated September 1, 2016, between Governmental Lender and Bank.

[SIGNATURE PAGE FOLLOWS]

Dated as of September 1, 2016.

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____

Name: _____

Its: _____

EXHIBIT "A"
REAL PROPERTY

Real property situated in the City of Walnut Creek, County of Contra Costa, State of California, described as follows:

PARCEL 1:

THOSE PORTIONS OF LOTS 27, 28, 29, 30 AND 31, IN BLOCK 4, AS SAID LOTS AND BLOCK ARE SHOWN ON THE MAP OF PRINGLE ADDITION TO THE TOWN OF WALNUT CREEK, FILED MAY 6, 1912, IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF SAID LOT 27, THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT 27, SOUTH 17°21'41" EAST, 122 75 FEET TO THE POINT OF BEGINNING, THENCE SOUTH 16°44'27" WEST, 270 99 FEET TO THE NORTHWESTERLY LINE OF RIVIERA AVENUE (70 FOOT WIDE) AS SHOWN ON SAID MAP, THENCE ALONG LAST SAID LINE, FROM A RADIAL BEARING OF SOUTH 40°20'46" EAST, ALONG A NON-TANGENT CURVE WITH A RADIUS OF 1506 28 FEET TO THE LEFT, THROUGH A CENTRAL ANGLE OF 08°20'44", AN ARC LENGTH OF 219 40 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 27, THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT 27, NORTH 17°21'41" WEST, 187 99 FEET TO THE SOUTHEASTERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN THAT CERTAIN GRANT DEED TO THE STATE OF CALIFORNIA, RECORDED JULY 9, 1957, IN BOOK 3010, AT PAGE 303, OFFICIAL RECORDS OF CONTRA COSTA COUNTY, THENCE ALONG LAST SAID LINE, SOUTH 16°44'27" WEST, 76 88 FEET TO THE POINT OF BEGINNING.

PURSUANT TO THAT CERTAIN NOTICE OF MERGER LL 15-009 RECORDED MAY 23, 2016 AS INSTRUMENT NO. 2016-97434 OF OFFICIAL RECORDS.

APN: 174-140-019-4 AND 174-140-025-1

PARCEL 2:

PORTION OF LOT 28 AND ALL OF LOT 29 IN BLOCK 5, AS DESIGNATED ON THE MAP ENTITLED "R.N. BURGESS COMPANY'S MAP OF THE PRINGLE ADDITION TO THE TOWN OF WALNUT CREEK", WHICH MAP WAS FILE IN THE OFFICE OF THE RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ON MAY 06, 1912, IN VOLUME 7 OF MAPS, AT PAGE 154, DESCRIBED IN THE DEED TO LAFAYETTE LEGACY CONSTRUCTION, INC., A CALIFORNIA CORPORATION, RECORDED DECEMBER 16, 2004, AT SERIES NO. 2004- 0482426, CONTRA COSTA COUNTY RECORDS, AND ALL OF SAID LAND DESCRIBED IN THE DEED TO

EXHIBIT "A"
**TO ASSIGNMENT OF DEED OF TRUST
AND RELATED DOCUMENTS**

LAFAYETTE LEGACY CONSTRUCTION, INC., A CALIFORNIA CORPORATION, RECORDED AUGUST 17, 2005, AT SERIES NO. 2005-0309601, CONTRA COSTA COUNTY RECORDS, AND BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2005-309601);

THENCE LEAVING SAID POINT OF BEGINNING ALONG THE PERIMETER OF SAID PARCEL THE FOLLOWING COURSES AND DISTANCES; NORTH 67° 40' 11" WEST, 52.70 FEET TO A POINT ON THE NORTHWEST LINE OF THAT PARCEL OF LAND DESCRIBED IN THE RIGHT OF WAY ABANDONMENT FOR A PORTION OF RIVIERA AVENUE PER RESOLUTION #91-89, RECORDED JANUARY 28, 1992, IN BOOK 17182 OF OFFICIAL RECORDS, AT PAGE 90, CONTRA COSTA COUNTY RECORDS;

THENCE NORTHEASTERLY ALONG THE PERIMETER OF SAID RIGHT OF WAY ABANDONMENT AREA (17182 OR 90) THE FOLLOWING COURSES AND DISTANCES; NORTHEASTERLY ALONG A NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET, THE CENTER OF WHICH BEARS SOUTH 45° 05' 4-3" EAST, THROUGH A CENTRAL ANGLE OF 06° 38' 01", AN ARC DISTANCE OF 3.47 FEET;

THENCE NORTH 51° 32' 18" EAST, 118.62 FEET TO THE NORTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2005-309601);

THENCE LEAVING SAID NORTH CORNER ALONG THE PERIMETER OF THAT PARCEL OF LAND DESCRIBED IN THE DEED TO LAFAYETTE LEGACY (2004-482426) THE FOLLOWING COURSES AND DISTANCES: NORTH 59° 01' 53" EAST, 65.68 FEET TO THE NORTH CORNER OF SAID PARCEL;

THENCE CONTINUING ALONG THE PERIMETER OF SAID PARCEL SOUTH 02° 17' 55" EAST, 175.27 FEET TO THE SOUTH CORNER OF SAID LAFAYETTE LEGACY PARCEL (2004-482426); THENCE ALONG THE SOUTH LINE OF SAID PARCEL NORTH 67° 40' 11" WEST, 119.00 FEET TO THE POINT OF BEGINNING.

APN: 174-150-076-1

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)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

(Seal)