

DISPOSITION AND DEVELOPMENT AGREEMENT

BETWEEN

CONTRA COSTA COUNTY

AND

COMMUNITY HOUSING DEVELOPMENT
CORPORATION OF NORTH RICHMOND

(Heritage Point)

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DISPOSITION AND DEVELOPMENT AGREEMENT
(Heritage Point Unified Development)

This Disposition and Development Agreement (the "Agreement") is dated as of May __, 2017 (the "Effective Date"), and is between the COUNTY OF CONTRA COSTA, a political subdivision of the State of California (the "County"), and COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND, a California nonprofit public benefit corporation (the "Developer").

RECITALS

A. These Recitals utilize certain capitalized terms that are defined in Article 1 of this Agreement.

B. The County has succeeded to the housing assets of the former Contra Costa County Redevelopment Agency (the "Former Agency") in accordance with Health and Safety Code Section 34176. In its capacity as housing successor, the County owns six parcels of real property, fronting the east side of Fred Jackson Way, between Grove Street and Chesley Avenue, in North Richmond, as more particularly described in Exhibit A (the "Property").

C. The Property has been identified as a "housing asset" pursuant to Health and Safety Code Section 34176. The Oversight Board of the Contra Costa County Successor Agency and the California Department of Finance have approved such identification. The Former Agency acquired the Property using the Former Agency's low and moderate housing fund, which was established pursuant to Health and Safety Code Section 33334.2.

D. The purpose of this Agreement is to facilitate the development of affordable rental housing improvements on the Property, and other associated improvements that are necessary for the development and economic feasibility of the affordable housing improvements.

E. The Developer intends to finance the cost of the Development with public and private sources, as more particularly described in Exhibit B attached to this Agreement.

F. The Board of Supervisors has conducted a duly noticed public hearing on this Agreement pursuant to Health and Safety Code Section 33433. The County intends to convey the Property in its capacity as housing successor and as permitted under Health and Safety Code Section 33433.

G. The Mitigated Negative Declaration reviewed and approved by the Board of Supervisors on May 05, 2015, has served as the environmental documentation pursuant to CEQA for the activities proposed to be undertaken under this Agreement.

H. The County has determined that the Developer has the necessary expertise, skill and ability to carry out the commitments set forth in this Agreement and that this Agreement is in the best interests, and will materially contribute to the implementation of, the County's affordable housing goals.

I. The Developer's construction and operation of the Development is not financially feasible without the County's financial assistance, which is being made available through the

Loan. The Loan amount will not exceed the amount of County assistance necessary to make the Developer's acquisition of the Property and the construction and operation of the Development, as restricted by this Agreement and the County Documents, financially feasible.

J. The County intends to apply the designated Units developed pursuant to this Agreement toward the satisfaction of the statutorily-mandated affordable housing production requirements for the Project Area under Health and Safety Code Section 33413(b)(2) and to meet any replacement housing requirements applicable to the Project Area pursuant to Health and Safety Code.

The parties therefore agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions apply throughout this Agreement.

(a) "Approved Financing" means the loans, grants, and other financing obtained by the Developer for the purpose of financing the costs of the Development that are approved by the County and consistent with the Financing Plan.

(b) "Area Median Income" means the median income for households in the County, as established by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, published from time to time by HCD. If such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, then the County will provide other income determinations that are reasonably similar with respect to methods of calculations to those previously published by the state.

(c) "Assignment of Collateral Documents" means the Assignment of Collateral Documents securing the Developer's obligation to perform under this Agreement, in a form to be provided by the County.

(d) "Bid Package" means the package of documents Developer'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: (1) an invitation to bid; (2) copy of the proposed construction contract; and (3) all Project Documents.

(e) "Board of Supervisors" means the Board of Supervisors of the County.

(f) "CEQA" means the California Environmental Quality Act (Public Resource Code 21000 et seq.), and its implementing regulations.

(g) "Certificate of Completion" means the certificate to be issued by the County pursuant to Section 4.17 of this Agreement, or comparable County sign-off on the completion of construction of the Improvements.

(h) "Certified Access Specialist" means a certified access specialist registered with the State of California Department General Services Division of State Architect and who has met the requirements of Government Code Section 4459.5.

(i) "Close of Escrow" means the date the Grant Deed, the Memorandum of DDA, and the Regulatory Agreement are recorded in the Official Records.

(j) "Collateral Documents" means the Developer's right, title and interest to all project agreements, including but not limited to development reports, all contracts, architect's agreements, engineer's agreements, management agreements, and all other contracts and agreements which concern the development and/or operation of the Development, all Governmental Approvals (including but not limited to all permits and licenses), plans, specifications, drawings, franchises, utility agreements and similar materials not yet obtained, and any other documents and information related to the Development, reports, Concept Drawings, Project Documents, and general documents associated with the Development. For purposes of clarifying the foregoing, Collateral Documents expressly exclude any documents that, pursuant to applicable law, the Developer does not have the right to pledge and assign as contemplated by this Agreement.

(k) "Concept Drawings" means the basic site plan, elevations and sections of the Improvements.

(l) "Control" means direct or indirect management or control of the: (1) managing member or members in the case of a limited liability company; (2) the managing general partner or general partners in the case of a partnership; and (3) boards of directors that overlap by fifty percent (50%) or more of their directors, or a majority of the directors in the case of a corporation.

(m) "County" has the meaning set forth in the first paragraph of this Agreement.

(n) "County Documents" means this Agreement, the Loan Agreement, the Loan Note, the Deed of Trust, the Regulatory Agreement, the Notice of Affordability Restrictions, the Assignment of Collateral Documents, the Amended and Restated Predevelopment Loan Agreement dated December 2, 2014 between the County and the Developer (as amended from time to time), the First Amended Technical Assistance Loan Agreement dated April 1, 2014 between the County and the Developer (as amended from time to time), and any other documents executed by the County and Developer or by the Developer for the benefit of the County in connection with this Agreement.

(o) "County Event of Default" has the meaning set forth in Section 7.3.

(p) "Deed of Trust" means one or more deeds of trust executed by the Developer in connection with the Loan and secured by the Property, in a form to be provided by the County.

(q) "Developer" means Community Housing Development Corporation of North Richmond, a California nonprofit public benefit corporation, and, following an assignment that is approved by the County, the Partnership.

- (r) "Developer Event of Default" has the meaning set forth in Section 7.4.
- (s) "Development" means the Property and the Improvements.
- (t) "Development Schedule" means the schedule for the Developer's acquisition of the Property and construction of the Development, attached hereto as Exhibit D, which has been approved by the County.
- (u) "Director" has the meaning set forth in Section 2.1.
- (v) "Effective Date" has the meaning set forth in the introductory paragraph.
- (w) "Extremely Low Income Household" means a household with an adjusted income that does not exceed thirty percent (30%) of Area Median Income, adjusted for actual household size.
- (x) "Final Construction Drawings" means the construction drawings described in Section 2.3(c) of this Agreement.
- (y) "Financing Plan" means the Developer's plan for financing the acquisition of the Property and the development of the Improvements, including a detailed development budget, construction and permanent financing commitment letters, which is approved by the County pursuant to Section 2.4, and which may be revised from time to time with the approval of the County pursuant to Sections 2.4 and 4.11.
- (z) "Financing Proposal" means the Developer's preliminary proposal for financing the acquisition of the Property and the development of the Improvements, including an estimate of the sources and uses of funds, which is attached hereto as Exhibit B.
- (aa) "Former Agency" has the meaning set forth in Recital B.
- (bb) "Governmental Approvals" has the meaning set forth in Section 2.2.
- (cc) "Grant Deed" means the grant deed by which the County conveys the Property to the Developer, in a form to be provided by the County.
- (dd) "Hazardous Materials" means:
 - (1) any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code as amended from time to time;
 - (2) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code as amended from time to time;
 - (3) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA (42 U.S.C. Section 9601 et seq.), Federal Water Pollution Control Act (33 U.S.C. Section 1251 et

seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.) as amended from time to time; and

(4) any additional wastes, substances or materials which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Development.

The term "Hazardous Materials" does not include: (i) construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction or maintenance, of residential developments, or typically used in office or residential activities; or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health and Safety Code Sections 25249.8 et seq., which substances are commonly used by a significant portion of the population living within the region of the Development, including, but not limited to, alcoholic beverages, aspirin, tobacco products, nutrasweet and saccharine, so long as such materials and substances are stored, used and disposed of in compliance with all applicable Hazardous Materials Laws.

(ee) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(ff) "HCD" means the State of California Department of Housing and Community Development.

(gg) "Improvements" means, collectively, means the forty-two (42) affordable housing units (including one manager's unit) to be constructed by the Developer together with all common areas, amenities, plans, entitlements, appurtenances, improvement easements, buildings and fixtures, and landscaping associated with the Property, all as more particularly described in the Scope of Development.

(hh) "Investor" means a reputable purchaser of low income Tax Credits reasonably acceptable to the County that acquires a limited partner interest in the Partnership.

(ii) "Loan" means one or more loans to be provided from the County to the Developer for the purpose of funding the acquisition, construction and operation of the Development, in a total amount to be approved by the Board of Supervisors.

(jj) "Loan Agreement" means one or more written agreements between the Developer and the County that set forth the parties' agreement with respect to the Loan.

(kk) "Loan Note" means one or more promissory notes from the Developer to the County evidencing the Developer's obligation to repay the Loan, in a form to be provided by the County.

(ll) "Logically Evolve" has the meaning set forth in Section 2.3(b).

(mm) "Lower Income Household" means a household with an adjusted income that does not exceed sixty percent (60%) of Area Median Income, adjusted for actual household size.

(nn) "Management Agent" means a management agent retained by the Developer and approved by the County in accordance with the provisions of Sections 2.8 and 5.7 to manage the Development.

(oo) "Management Plan" has the meaning specified in Section 2.8.

(pp) "Memorandum of DDA" means the Memorandum of Disposition and Development and Loan Agreement, in a form provided by the County, recorded against the Property at the Close of Escrow.

(qq) "Notice of Affordability Restrictions" means the Notice of Affordability Restrictions on Transfer of Property, in a form provided by the County, that will be recorded at the Close of Escrow in the Official Records against the Developer's fee interest in the Property and will restrict the development and operation of the Property to affordable housing pursuant to Sections 33334.3 and/or 33413(c)(5) of the Community Redevelopment Law, or successor provisions.

(rr) "Official Records" means the official records of Contra Costa County.

(ss) "Parties" means the County and the Developer and the term Party refers to each of them individually.

(tt) "Partnership" means a partnership created for the purpose of syndicating the Tax Credits, which, pursuant to an assignment that is approved by the County, and upon completion of the assignment will own the Development and will thereafter be the Developer.

(uu) "Permanent Financing" means the sources of approved permanent financing as listed in the approved Financing Plan.

(vv) "Project Area" means the area that is subject to the Redevelopment Plan.

(ww) "Project Documents" means all construction documentation, developed pursuant to Section 2.3 of this Agreement, upon which the Developer, and the Developer's several contractors, must rely in building each and every part of the Improvements (including landscaping, parking, and common areas) and may include, but not necessarily be limited to, the Concept Drawings, the Schematic Design Drawings and Final Construction Drawings, the final architectural drawings, landscaping plans and specifications, final elevations, building plans and specifications (also known as "working drawings") and a time schedule for construction.

(xx) "Property" has the meaning given in Recital B.

(yy) "Redevelopment Plan" means the redevelopment plan entitled "North Richmond Redevelopment Project," which was recorded in the official records of Contra Costa County on March 15, 1999, as document number 99-0070071, as amended from time to time.

(zz) "Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants recorded against the Property at the Close of Escrow, in a form provided by the County, restricting the use of the Property to affordable housing.

(aaa) "Resident Services Budget" has the meaning specified in Section 5.9(a).

(bbb) "Resident Services Plan" has the meaning specified in Section 5.9(a).

(ccc) "Schematic Design Drawings" means the initial drawings for the Development showing site plans, elevations and landscape features for the Improvements, as more particularly described in Section 2.3.

(ddd) "Scope of Development" means the description of the basic physical characteristics of the Development, including a basic site plan, which will serve as a basis for the Developer's application for the Governmental Approvals and for the preparation of the Project Documents. The Scope of Development is attached to this Agreement as Exhibit C.

(eee) "Security Financing Interest" has the meaning set forth in Section 8.1.

(fff) "Sponsor" means Community Housing Development Corporation of North Richmond, a California nonprofit public benefit corporation.

(ggg) "Tax Credit Reservation" means a preliminary allocation of Tax Credits from TCAC.

(hhh) "Tax Credits" means Low Income Housing Tax Credits granted pursuant to Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Sections 50199, et seq, as such may be amended.

(iii) "TCAC" means the California Tax Credit Allocation Committee.

(jjj) "Term" means the term of this Agreement, commencing on the Effective Date, and unless terminated earlier or extended by the Parties pursuant to this Agreement, ends fifty-seven (57) years from the Close of Escrow.

(kkk) "Title Company" means Old Republic Title Company, or such other title company as the Parties may mutually select.

(lll) "Title Report" means that certain title report dated January 30, 2017, issued by the Title Company for the Property.

(mmm)"Transfer" has the meaning set forth in Section 6.1.

(nnn) "Unit" means one of the units to be constructed on the Property.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated in the Agreement:

Exhibit A: Legal Description of the Property

- Exhibit B: Financing Proposal
- Exhibit C: Scope of Development
- Exhibit D: Development Schedule

ARTICLE 2.
PREDISPOSITION REQUIREMENTS FOR
CONVEYANCE OF THE PROPERTY

Section 2.1 Conditions Precedent to Disposition of Property. The requirements set forth in this Article 2 are conditions precedent to the County's obligation to convey the Property to the Developer. The County has no obligation to convey the Property to the Developer unless the Developer has satisfied the conditions precedent set forth in this Article 2 in the manner set forth below and within the timeframe set forth in the Development Schedule. Developer may request extensions to the time periods and dates set forth in the Development Schedule and the County's Director of Conservation and Development, or his designee (the "Director") may grant such requests in writing in his reasonable discretion. In no event is the County obligated to provide such extensions.

Section 2.2 Governmental Approvals.

(a) No later than the date set forth in the Development Schedule, the Developer must apply for, and exercise diligent good faith efforts to obtain, the permits and approvals necessary for development and operation of the Improvements, including but not limited to necessary entitlements, grading plans, infrastructure plans and a building permit or permits (together, the "Governmental Approvals"). Without limiting any other provision of this Agreement, if the Developer fails to obtain building permits by the date set forth in the Development Schedule, as such date may be extended with the prior written consent of the Director, it will be a material default of this Agreement by Developer. The County must render all reasonable assistance (at no cost to the County) to the Developer to obtain the building permit.

(b) The Developer's application for the Governmental Approvals must be substantially consistent with the Scope of Development. Procurement by the Developer of all Governmental Approvals, including all applicable land use approvals and a building permit, is a condition precedent to the County's obligation to convey the Property to the Developer.

(c) In the event the Developer intends to use funds disbursed at Close of Escrow to pay for a building permit, the County may convey the land to Developer if Developer has obtained a permit-ready letter in place of a building permit; provided, however, the Developer must provide evidence and assurances reasonably satisfactory to the County that Developer will pull the permit concurrent with or immediately following Close of Escrow

(d) As set forth in Section 9.14, the Developer acknowledges that execution of this Agreement by the County does not constitute approval by the County of any required entitlements, building permits, applications, or allocations, and in no way limits the discretion of the County in the permit allocation and approval process.

Section 2.3 County Review and Approval of Design and Construction Documents.

(a) In designing and constructing the Development, Developer must cause all design documents to be substantially consistent with the Scope of Development attached hereto as Exhibit C, the Concept Drawings attached thereto, and the Schematic Design Drawings prepared pursuant to subsection (b) below. The Scope of Development, the Concept Drawings, and the Schematic Design Drawings are the baseline design standards from which Developer must prepare all subsequent Project Documents. The Project Documents must be substantially consistent with the Scope of Development, the Concept Drawings and the Schematic Drawings and must incorporate any applicable mitigation measures reasonably imposed on the Development by the County. Within the times set forth in the Development Schedule, Developer must submit to the County the Project Documents in the stages discussed below.

(b) Schematic Design Drawings. The Developer shall cause the Schematic Design Drawings to Logically Evolve from the approved Concept Drawings. For purposes of this Agreement, the term “Logically Evolve” means a change that is an adaptation, refinement or amplification of previously-approved drawings. The Developer shall cause the Schematic Design Drawings to include bedroom sizes, floor plans, elevations, features in common or public areas, landscape features, locations for signs, parking facilities with all spaces indicated, and major building materials under consideration, potential exterior materials, the colors and textures to be used, and any off-site public improvements to be implemented by Developer. The Developer shall cause the Schematic Design Drawings to show key interior and exterior dimensions and a detailed tabulation of the floor area by use.

(c) Final Construction Drawings. The Developer shall cause the Final Construction Drawings to Logically Evolve from the approved Concept Drawings and Schematic Drawings. The Developer shall cause the Final Construction Drawings to provide all the detailed information necessary to obtain a building permit to build the Improvements, including complete building, mechanical systems, site, landscape, exterior signage and construction details, requirements, standards, and plans and specifications.

(d) Approval of Project Documents. The County shall review of the Project Documents to ensure consistency with the Scope of Development, the terms of this Agreement, and conformance to the Redevelopment Plan. Subject to subsection (e) below, provided that the architectural submittals meet the requirements of this Agreement, the County will be required to approve those Project Documents that Logically Evolve from concepts set forth in previously-approved Project Documents. If the County determines that there are material changes to architectural drawings or Project Documents that do not Logically Evolve from previously-approved Project Documents or that raise material concerns that were not reviewable in previously-approved Project Documents, the County will use reasonable discretion in approving or disapproving the subsequent Project Documents. Any disapproval of the new Project Documents must be in writing and state in specific detail the reasons for the County's disapproval. The County must approve or disapprove submittals under this Section. If the County disapproves a submittal of the Project Documents pursuant to this Section, the County must submit to the Developer a notice of disapproval, together with a list of reasons for the disapproval. Upon receipt of the notice from the County, Developer will have fifteen (15) business days to submit a revised submittal. The process for revision and review of revisions must be repeated until the County has approved the applicable submittals; provided, however

that if the Developer fails to obtain the County's approval of the drawings by the date set forth in the Development Schedule, the County may terminate this Agreement in accordance with Section 7.2.

(e) The Developer acknowledges that the County's right to review and approve the Project Documents under this Agreement are in addition to, and are not limited by, the County's obligation and right to review the Project Documents for consistency with applicable building code requirements and other State and local rules and regulations. The Developer further acknowledges that the County has no obligation to approve Project Documents pursuant to this Agreement if the Developer fails to incorporate the County's commercially reasonable requested changes or modifications to the proposed Project Documents (even if the requested changes or modifications exceed the minimum thresholds set forth in the applicable building code and have not been required by the County's building department). As set forth in Section 9.14, the Developer further acknowledges that approval of the Project Documents by the County under this Agreement does not constitute approval by the County as required for issuance of a building permit or other approvals.

Section 2.4 Financing Proposal and Financing Plan.

(a) As of the Effective Date, the County has approved the Financing Proposal shown in Exhibit B.

(b) The Developer shall cause the Financing Plan to be completed no later than the date set forth in the Development Schedule. Any changes to the Financing Proposal that the Developer desires to incorporate into the Financing Plan must be approved by the County. Any proposal to revise the Financing Proposal must include:

(1) An estimated operating proforma for the Development for thirty (30) years, which shows debt service on all loans (including, but not limited to the Loan);

(2) An estimated sources and uses, including a cost breakdown for costs of constructing the Improvements. The sources and uses must include all assumptions for all debt and equity financing, must show the timing of uses of each source of financing and break down which expenses each source of financing is funding. The sources and uses must provide a proposed schedule of payments of the fees paid to the Developer, if any, based on performance milestones that are mutually agreed to by the Developer and the County;

(3) A description of any joint ventures or partnerships the Developer proposes to enter into in order to provide funds for construction of the Improvements and acquisition of the Property including copies of the proposed joint venture or partnership agreements;

(4) A copy of the commitment or commitments obtained by the Developer for any loans, grants, or other financial assistance (including, but not limited to, a Tax Credit Reservation letter from TCAC, and construction and permanent loans from private lenders) to assist in financing the construction of the Improvements certified by the Developer to be true and correct copies thereof. The Developer must submit evidence of its efforts to receive competitive pricing on the Tax Credits and proof of its application for any other financing as required under Section 2.5 and 2.7 respectively; and

(5) A certified financial statement or other financial statement in such form reasonably satisfactory to the County evidencing other sources of capital sufficient to demonstrate that the Developer has adequate funds available and is committing such funds to cover the difference, if any, between costs of development and construction of the Improvements and the amount available to the Developer from external sources.

(c) The County will reasonably approve or disapprove the revised Financing Proposal in writing within fifteen (15) days after the County's receipt. If the Financing Proposal is disapproved by the County, the Developer will have fifteen (15) days from the date of the Developer's receipt of the County's notice of disapproval to submit a revised Financing Proposal. The provisions of this Section relating to time periods for approval, disapproval and resubmission of a new Financing Proposal will continue to apply until the revised Financing Proposal has been approved by the County; provided, however, that if the Developer fails to obtain the County's approval of the revised Financing Plan by the date set forth in the Development Schedule, the County may terminate this Agreement in accordance with Section 7.2.

(d) Except as otherwise permitted by the Director, all Approved Financing must be closed by the Developer prior to, or simultaneously with, the conveyance of the Property by the County to the Developer. The Developer must also submit to the County evidence, reasonably satisfactory to the County, that any conditions to the release or expenditure of the Approved Financing described in the approved Financing Plan as the sources of funds to pay the costs of purchasing the Property and constructing the Improvements have been met, or will be met upon conveyance of the Property to the Developer, and that such funds will be available upon such conveyance for purchasing the Property and, subject to the Developer's satisfaction of standard disbursement preconditions required to be satisfied on a periodic basis, for constructing the Improvements. Submission by the Developer, and approval by the County, of such evidence of Approved Financing availability is a condition precedent to the County's obligation to convey the Property to the Developer.

Section 2.5 Tax Credit Reservation; Financing. The Developer intends to utilize Tax Credit Investor Equity to partially finance the Development, which are subject to a competitive application process implemented by TCAC. Receipt by the Developer of a Tax Credit Reservation pursuant to this Section is a condition precedent to the County's obligation to transfer the Property. To satisfy the requirements of this Section, the Tax Credit Reservation must be for an amount sufficient to meet the requirements of the Financing Plan that is approved by the County pursuant to Section 2.4.

(a) The Developer must submit a timely and complete application for the Tax Credit Reservation to TCAC no later than May 19, 2017. If as a result of such application, the Developer does not receive a Tax Credit Reservation in the 2017 TCAC application cycle, the County shall confer with the Developer in good faith for a period not to exceed sixty (60) days to determine if a feasible and mutually acceptable alternate arrangement can be made to finance development of the Improvements prior to County terminating this Agreement pursuant to Section 7.2. If no agreement is reached by the parties within the sixty (60) day period regarding an alternative financing structure for the construction of the Improvements, this Agreement may be terminated in accordance with the provisions of Section 7.2. If an agreement is reached by

the parties regarding an alternative financing plan for the construction of the Improvements, the parties shall memorialize the alternative financing plan through a writing.

(b) Upon an award of the Tax Credit Reservation from TCAC, the Developer must exercise diligent good faith efforts to obtain a funding commitment from the Investor for the Tax Credit Investor Equity. The funding commitment must be in a form reasonably acceptable to the County. Procurement of the Tax Credit Reservation and an acceptable funding commitment for the Tax Credit Investor Equity is a condition precedent to the County's obligation to convey the Property to the Developer.

Section 2.6 County Loan. As set forth in the Development Schedule, the County and the Developer shall negotiate diligently and in good faith the terms of the Loan to partially fund the acquisition, construction and operation of the Development. Among the issues to be addressed in the negotiations are: (1) the loan amount; (2) the interest rate; (3) the preconditions for disbursement; (4) and other financing terms reasonably required by the County. The parties agree and acknowledge that the forms of the County Documents require the approval of the Board of Supervisors, as well as the approval of Developer.

Section 2.7 Other Approved Financing.

As set forth in the Development Schedule, all financing necessary to construct the Improvements, as required and approved by the County in the Financing Plan, including the Tax Credit funds and the tax exempt bonds, must be closed by the Developer prior to or simultaneously with the Close of Escrow. The Developer must also (i) submit to the County evidence reasonably satisfactory to the County that any conditions to the release or expenditure of funds described in the approved Financing Plan as the sources of funds to pay the costs of constructing the Improvements have been met or will be met by the Close of Escrow, and (ii) satisfy standard disbursement conditions. Submission by the Developer, and approval by the County, of such evidence of funds availability is a condition precedent to the County's obligation to convey the Property to the Developer.

Section 2.8 Management Plan and Procedures.

(a) No later than six (6) months after commencing construction of the Development and as set forth in the Development Schedule, the Developer shall submit a Management Plan to the County for approval. The "Management Plan" consists of (i) the identity of the proposed Management Agent, (ii) the qualifications of the proposed Management Agent, (iii) a proposed management agreement and written guidelines or procedures related to operation of the Development, including tenant selection, operation and management of the Development, and implementation of the income certification and reporting requirements of the Regulatory Agreement.

(b) The County must approve or disapprove the Management Plan in writing within fifteen (15) days following the County's receipt of a complete Management Plan. If the Management Plan is disapproved by the County, the County must provide a written notice to the Developer that sets forth, in reasonable detail, the reasons the Management Plan was disapproved. The Developer will have fifteen (15) days following the receipt of such notice to submit a revised Management Plan. The provisions of this Section relating to time periods for

approval, disapproval, and resubmission of the new Management Plan will continue to apply until the Management Plan has been approved by the County; provided, however, that if the Developer fails to obtain the County's approval of the Management Plan by the date set forth in the Development Schedule, the County may terminate this Agreement in accordance with Section 7.2.

Section 2.9 Construction Contract.

(a) No later than the date set forth in the Development Schedule, the Developer must submit to the County not less than three (3) proposals from prospective contractors detailing the estimated development costs for the construction of the Improvements. The County will approve the contractor for the Improvements, which approval may not be unreasonably withheld, conditioned, or delayed. The County must look to the totality of such proposals in the evaluation of the proposals and cost may not be the sole deciding factor.

(b) No later than the date set forth in the Development Schedule, the Developer must submit to the County for its approval, the proposed construction contract for the Improvements. Upon receipt of the proposed construction contracts, the County will promptly review same and approve or disapprove it within five (5) business days. The County's review and approval of such construction contract will be limited exclusively to a determination whether: (1) the guaranteed maximum construction cost set forth in the construction contract is consistent with the approved Project Documents and Financing Plan; (2) the construction contract is with a licensed contractor reasonably acceptable to the County; (3) the construction contract contains provisions consistent with Article 5 of this Agreement; and (4) except as otherwise agreed to in writing by the Director, the construction contract requires a retention of ten percent (10%) of costs until completion of the Improvements (except for specific subcontractors performing early work on the Development following the County's prior written approval for each specific subcontractor or line items specifically approved by the County in the schedule of values attached to the construction contract and consistent with County policy). The County's approval of the construction contracts may in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the construction contracts, and the Developer may not rely on the County's approval of the construction contracts as a representation regarding the enforceability or business advantage of the construction contracts. County approval merely constitutes satisfaction of the conditions set forth in this Section.

(c) If the proposed construction contract is disapproved by the County, the County must provide a written notice to the Developer that sets forth, in reasonable detail, the reasons the proposed construction contract was disapproved. The Developer will thereafter submit revised construction contracts for County approval, which approval may be granted or denied in five (5) business days in accordance with the criteria and procedures set forth above. Any construction contract for Improvements executed by the Developer for the Improvements must be in a form approved by the County.

Section 2.10 Construction Bonds. No later than the date set forth in the Development Schedule, the Developer must obtain one (1) labor and material bond and one (1) performance bond for construction of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction for the Improvements. Each bond must name the County as co-obligee and be issued by a reputable insurance company licensed to do business in

California, reasonably acceptable to the County. The form of the labor and material bond and the performance bond is subject to the County's prior review and written approval, which may not be unreasonably withheld.

Section 2.11 Insurance. The Developer must furnish to the County evidence of the insurance coverage meeting the requirements of Section 5.10 below, no later than the date set forth in the Development Schedule.

Section 2.12 Property Inspection.

(a) Within ninety (90) days following execution of this Agreement, Developer may make such investigations regarding the Property, the development of the Property or the suitability of the Property for the Development (including but not limited to investigation of environmental hazards, geologic conditions, soils conditions, or water conditions on or about the Property as Developer deems appropriate). If, as a result of such investigation, Developer reasonably concludes that the condition of the Property makes economically infeasible the Development as contemplated in this Agreement, then Developer may terminate this Agreement, pursuant to Section 7.2 below, by providing written notice to County within one hundred twenty (120) days after the date of this Agreement. The County hereby permits Developer or its designated consultants to enter the Property for the purposes of making investigations pursuant to this Section. Developer must restore any portion of the Property disturbed or damaged as a result of Developer's investigation to the condition that existed prior to the disturbance or damage.

(b) Developer hereby agrees to indemnify, defend and hold the County and its board members, officers, directors, representatives, consultants, employees and agents harmless against any claims for damage to person or property arising from entry on or investigation of Developer, its employees, officers, agents, contractors or consultants, pursuant to this Section, except resulting solely from the gross negligence or willful misconduct of the County. This obligation to indemnify survives termination of this Agreement.

Section 2.13 Security. The Developer will grant to the County, pursuant to the Assignment of Collateral Documents, a valid, second priority, continuing security interest in all of the Developer's right, title, and interest presently existing and after-acquired or arising Collateral Documents in order to secure prompt, full and complete payment and performance of any and all obligations to the County under this Agreement and in order to secure prompt, full and complete performance by Developer of each of its covenants and duties under this Agreement. For purposes hereof, the Collateral Documents subject to the Assignment of Collateral Documents expressly excludes any document that, pursuant to applicable law, the Developer does not have the right to pledge and assign as contemplated by this Agreement. The County will not have any obligation under any Collateral Documents assigned pursuant to the Assignment of Collateral Documents until it expressly agrees in writing to be bound by such contracts or agreements. Upon a Developer Event of Default that has not been cured pursuant to this Agreement, in accordance with the Assignment of Collateral Documents, the County may use any of the Collateral Documents to the fullest extent allowed thereby for any purpose for which the Developer could have used them for construction of the Development, and the Developer must cooperate with the County to implement the Assignment of Collateral

Documents and immediately deposit with the County, for the County's use, all the Collateral Documents.

ARTICLE 3. DISPOSITION OF PROPERTY

Section 3.1 Sale and Purchase. Provided the pre-disposition requirements set forth in Article 2 and the additional closing conditions set forth in Section 3.4 have been satisfied in the manner set forth above and by the dates set forth in the Development Schedule, the County will sell to the Developer, and the Developer will purchase from the County, the Property pursuant to the terms, covenants, and conditions of this Agreement.

Section 3.2 Purchase Price. The purchase price for the Property will be based on (i) then-current market conditions in effect at the time the County and the Developer negotiate the terms of the Loan in accordance with Section 2.6, and (ii) an analysis of the sales of comparable properties. The purchase price is to be paid at the Close of Escrow with seller carryback financing that will be part of the Loan.

Section 3.3 Opening Escrow. To accomplish the purchase and transfer of the Property from the County to the Developer, the Parties will establish the escrow with the Title Company. The Parties will execute and deliver all written instructions to the Title Company to accomplish the terms hereof, which instructions must be consistent with this Agreement. Upon request by the Developer, the Title Company may be changed to a company requested by the Developer, provided: (a) the Developer makes the request prior to the opening of escrow; (b) the title company is approved by the County; and (c) the Developer must pay all title insurance and escrow costs of the new title company.

Section 3.4 Close of Escrow.

(a) The Close of Escrow must occur no later than the date set forth in the Development Schedule, and only in the event that all conditions precedent to conveyance set forth in Article 2 have been satisfied or waived by the County. In addition to the conditions precedent set forth in Article 2, the following conditions must be satisfied, or waived in writing by the County, prior to or concurrently with, and as conditions of, the Close of Escrow:

(1) The Board of Supervisors approved the Loan and the Parties have negotiated and executed the County Documents and all other documents and instruments required to be executed and delivered, all in form and substance satisfactory to the County.

(2) There exists no condition, event or act which would constitute a breach or default under this Agreement, the County Documents, or under any other project financing agreements or contracts related to the Development, or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

(3) All representations and warranties of the Developer contained in this Agreement and in any of the County Documents are true and correct in all material respects as of the date of the request for disbursement by Developer and as of the date of disbursement.

(4) The Developer has provided the County with copies of the Developer's organizational documents, a certified copy of a Developer's authorizing resolution, approving the transactions contemplated under the County Documents and the Developer's execution of the County Documents.

(5) There exists no material adverse change in the financial condition of Developer from that shown by the financial statements and other data and information furnished by Developer to the County prior to the date of this Agreement.

(6) The Developer has furnished the County with evidence of the insurance coverage meeting the general insurance requirements set forth in Section 5.10.

(7) The County has received a copy of the general contractor's construction contract as required pursuant to Section 2.9.

(8) The County has received and approved the labor and material (payment) bonds as required pursuant to Section 2.10.

(9) The Developer has executed a partnership agreement for the Partnership, approved by the County, with the Investor, in which the Investor is obligated to provide Developer the Tax Credit Investor Equity.

(10) Developer has closed, or is concurrently closing, on the Approved Financing necessary for the construction of the Development and is eligible to receive the proceeds of all construction loans and has received the first installment of "Tax Credit Investor Equity" in accordance with the partnership agreement that governs the Partnership.

(11) The undisbursed proceeds of the Loan and the Approved Financing, together with other funds or firm commitments for funds that the Developer has obtained in connection with the Development, are not less than the amount that the County reasonably determines is necessary to pay for the acquisition and construction of the Development and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreement.

(12) Developer has obtained all permits and approvals necessary for the construction of the Development, as required by Section 2.2, provided however the Developer may satisfy this requirement with regards to the building permit, if the Developer provides the County with a permit ready letter from the Building Department.

(13) Developer has submitted a certification from the architect certifying that the plans and specifications and design documents for the Development ensure that the Units are in compliance with Section 4.6 of this Agreement.

(14) The Grant Deed, the Deed of Trust, the Regulatory Agreement, the Notice of Affordability Restrictions, and the Memorandum of DDA have been, or concurrently with the Close of Escrow, will be recorded against the Property and the Title Company has or will issue, for the Deed of Trust, a 2006 ALTA Lenders Policy of title insurance in the amount of the Loan, with such endorsements as the County may reasonably request, which will insure the

Deed of Trust as a lien upon the Property, subject only to the exceptions authorized by this Agreement.

(15) There exists no condition, event or act that would constitute a breach or default under this Agreement, or upon the giving of notice or the passage of time, or both, would constitute a breach or default.

(16) All representations and warranties of the Developer contained in this Agreement and the County Documents are true and correct as of the Close of Escrow.

Section 3.5 Condition of Title. Upon the Close of Escrow, the Developer will have insurable title to the Property which will be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except:

- (a) applicable building and zoning laws and regulations;
- (b) the provisions of the Redevelopment Plan;
- (c) the Memorandum of DDA, the Deed of Trust, and the Notice of Affordability Restrictions;
- (d) the Grant Deed;
- (e) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Grant Deed;
- (f) exceptions in the Title Report approved by the Developer; and
- (g) the liens of any Approved Financing approved by the County.

Section 3.6 Condition of Property.

(a) In fulfillment of the purposes of Health and Safety Code Section 25359.7(a), the County hereby represents and warrants that it has no knowledge, and has no reasonable cause to believe, that any release of Hazardous Materials has come to be located on or beneath the Property.

(b) **"AS IS" PURCHASE. PRIOR TO THE EFFECTIVE DATE, THE DEVELOPER WAS PROVIDED THE OPPORTUNITY TO INVESTIGATE THE PROPERTY, AND HAS APPROVED THE PHYSICAL CONDITION OF THE PROPERTY. THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE COUNTY IS SELLING AND THE DEVELOPER IS BUYING THE PROPERTY (AND ALL IMPROVEMENTS THEREON) ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE COUNTY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT**

LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY; (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY; (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY; (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY; AND (H) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE COUNTY OR ANY OF ITS AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE COUNTY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(c) Survival. The terms and conditions of this Section expressly survive the Close of Escrow, will not merge with the provisions of the Grant Deed, or any other closing documents and are deemed to be incorporated by reference into the Grant Deed. The County is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the purchase price will reflect the "as is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understands the significance and effect thereof.

(d) Acknowledgment. The Developer acknowledges and agrees that: (1) to the extent required to be operative, the disclaimers of warranties contained in this Section are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements; and (2) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, that the purchase price will be adjusted to reflect the same and that the County would not have agreed to sell the Property to the Developer without the disclaimers and other agreements set forth in this Section.

(e) Developer's Release of the County. The Developer, on behalf of itself and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the County, its board members, officers, directors, representatives, consultants, employees and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to: (1) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever; (2) any presence of Hazardous Materials; and (3) any information furnished by the Released Parties under or in connection with this Agreement.

(f) Scope of Release. The release set forth in Section 3.6(e) above includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit the Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right the Developer and anyone claiming by, through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Developer's Initials: _____

Notwithstanding the foregoing, this release does not apply to, nor will the County be released from, the County's actual fraud or misrepresentation.

Section 3.7 Costs of Escrow and Closing. Ad valorem taxes, if any, will be prorated as of the date of conveyance of the Property from the County to the Developer. The Developer must pay the cost of title insurance, transfer tax, Title Company document preparation, recordation fees and the escrow fees of the Title Company, if any, and any additional costs to close the escrow. The costs borne by the Developer are in addition to the purchase price for the Property.

ARTICLE 4.
CONSTRUCTION OF IMPROVEMENTS

Section 4.1 Construction Pursuant to Plans. Unless modified by operation of Section 4.2, the Improvements must be constructed substantially in accordance with the Final Construction Drawings and the terms and conditions of the County's land use permits and approvals and building permits, including any variances granted.

Section 4.2 Change in Construction of Improvements.

(a) If the Developer desires to make any material change in the Improvements which are not substantially consistent with the Final Construction Drawings, the Developer must submit the proposed change to the County for its approval. No change which is required for compliance with building codes or other government health and safety regulation will be deemed material. If the Improvements, as modified by any such proposed change, will conform to the requirements of this Agreement, the County will approve the change by notifying the Developer in writing. For purposes of this Section, a material change means any change which is expected to substantially alter the external appearance of the Development (including any color change), reduce, or otherwise alter, the number of units in the Development, or which is expected to result in an individual change of Fifty Thousand Dollars (\$50,000) or a cumulative change of One Hundred Thousand Dollars (\$100,000), or more, in the cost of construction of the Improvements. In addition, any change order that will materially reduce the costs of construction of the Improvements (due to value engineering, or any other cause) must be submitted to the County for approval. The County will approve such change order provided that the County has determined (in the County's reasonable discretion) that such change order will not substantially change the quality of the Improvements and provided further that the Developer provides the County information, reasonably requested by the County, to document the effect of such change order (including, but not limited to any cost savings, and the effect on the quality of the Improvements).

(b) The County must use good faith best efforts to either approve or disapprove a proposed change within three (3) business days following the County's receipt of the proposed change. If disapproved, the previously approved Final Construction Drawings will continue to remain in full force and effect. If the County rejects a proposed change, the County must provide the Developer with the specific reasons therefor.

(c) The approval of changes in the Final Construction Drawings by the County pursuant to this Section are in addition to any approvals required to be obtained from the County pursuant to building permit or other requirements. As set forth in Section 9.14, approval of changes in the Final Construction Drawings by the County under this Agreement will not

constitute approval by the County in its land use, permitting or other capacity and may in no way limit the County's discretion in approving changes to the Final Construction Drawings.

Section 4.3 Commencement of Improvements. The Developer must commence construction of the Improvements no later than the date set forth in the Development Schedule.

Section 4.4 Completion of the Improvements. Subject to Section 10.3 below, the Developer must diligently prosecute to completion the construction of the Improvements no later than the date set forth in the Development Schedule.

Section 4.5 Equal Opportunity. During the construction of the Improvements, the Developer, and its successors, assigns and subcontractors must not discriminate against any employee or applicant for employment in connection with the construction of the Improvements because of race, color, religion, ethnic group identification, sex, sexual preference, marital status, ancestry or national origin. Each of the following activities must be conducted in a non-discriminatory manner: hiring; upgrading; demotion and transfers; recruitment and recruitment advertising; layoff and termination; rate of pay and other forms of compensation; and selection for training including apprenticeship.

Section 4.6 Construction Pursuant to Laws.

(a) The Developer must cause all work performed in connection with the Development to be performed in compliance with: (1) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter; and (2) 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. The work may proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer is responsible to the County for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Development.

(b) If required by applicable law, the Developer must pay and will cause the contractor and subcontractors to pay prevailing wages in the construction of the Development as those wages are determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices as required by California Labor Code Sections 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"). If required by applicable law, Developer must and cause the contractor and subcontractors 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. If required by applicable law, Developer must and will cause the contractor and subcontractors 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 are required by California Labor Code Section 1777.5 et seq. Copies of the currently applicable per diem prevailing wages are available from DIR. If required by applicable law, during the construction of the Development, Developer will or will cause the contractor to post at the Property the applicable prevailing rates of per diem wages. Developer must cause its respective contractors and subcontractors to be registered as set forth in Labor Code Section 1725.5. If required by applicable law, the Developer must cause its

respective contractors and subcontractors to do all the following: (1) all calls for bids, bidding materials and the construction contract documents for the Development must specify that (i) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Development unless registered with the DIR pursuant to Labor Code Section 1725.5; and (ii) the Development is subject to compliance monitoring and enforcement by the DIR; (2) The Developer is required to provide the County all information required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within two (2) days of the award of the contract (<https://www.dir.ca.gov/pwc100ext/>); (3) The Developer must cause its respective contractors to post job site notices, as prescribed by regulation by the DIR; and (4) The Developer must cause its respective contractors to furnish payroll records required by Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

(c) The Developer hereby agrees to indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County, and its board members, officers, directors, representatives, consultants, employees and agents 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 Developer, its contractor and subcontractors), if required by applicable law, 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., 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., to meet the conditions of Section 1771.4 of the Labor Code as set forth above 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. This Section will survive the expiration of the Term or other termination of this Agreement and the termination of any applicable County Documents.

(d) The Developer must construct the Development to comply with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act, Section 504 of the Construction Act of 1973, Title II and/or Title III of the Americans with Disabilities Act of 1990, Title 24 of the California Code of Regulations and the Uniform Federal Accessibility Standards ("UFAS"). In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et seq.), a minimum of three (3) units in the Development must be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of one (1) unit must be constructed and to be readily accessible and usable by households with a hearing or visually impaired member. The Developer must deliver to the County, a certification from a Certified Access Specialist certifying that the Development (as constructed) meets the requirements of this subsection (d).

Section 4.7 Progress Report. Until such time as the Developer has completed construction of the Improvements, as evidenced by the Certificate of Completion, the Developer must provide the County with copies of all draw requests for use of all funds set forth on the approved Financing Plan and quarterly progress reports, or more frequent updates if the County reasonably requires, regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the development budget as set forth in the Financing Plan (as it may be amended and modified).

Section 4.8 Construction Responsibilities.

(a) The Developer must coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement.

(b) The Developer is solely responsible for all aspects of the Developer's conduct in connection with the Development, including but not limited to the quality and suitability of the Project Documents, 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 the Developer is properly discharging its obligations to the County, and should not be relied upon by the Developer 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 4.9 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or the Improvements or a stop notice is served on the County or any other lender or other third party in connection with the Development, then the Developer must, within twenty (20) days after such filing or service, either pay and fully discharge or cause the Developer's contractor to 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 from a surety reasonably acceptable to the County in sufficient form and amount, or provide the County with other assurance reasonably satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If the Developer fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section or obtain a surety bond, 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 the Developer's expense. Alternatively, the County may require the Developer 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 the Developer.

(c) The Developer must file a valid notice of cessation or notice of completion upon cessation of construction of the Development for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property and/or Improvements. The Developer authorizes the County, but without any 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 4.10 Inspections. The Developer must permit and facilitate, and require its contractors to permit and facilitate, observation and inspection at the Development by the County and by public authorities during reasonable business hours upon forty-eight (48) hours' notice for the purposes of determining compliance with this Agreement.

Section 4.11 Financing; Revisions to Plan. Once a Financing Plan has been finalized, it may not be amended without the written consent of the County; provided, however, that the County must consent to any amendment of the Financing Plan that increases the cost of the

construction of the Improvements if such amendment also demonstrates to the County's satisfaction that there is (i) Approved Financing (or any source other than assistance from the County) available to pay for such increases, and (ii) sufficient cash flow from the Development to service the Approved Financing. The County will utilize best efforts to approve or disapprove requested amendments to the Financing Plan within ten (10) working days of receipt of a request for approval.

Section 4.12 Information. The Developer must provide any information reasonably requested by the County in connection with the Development.

Section 4.13 Records.

(a) The Developer must maintain complete, accurate, and current records pertaining to the Development for a period of five (5) years after the creation of such records, and permit any duly authorized representative of the County to inspect and copy records during regular business hours. Records must be kept accurate and current.

(b) The County will notify the Developer of any records it deems insufficient. The Developer will have thirty (30) 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 thirty (30) days is reasonably necessary to correct the deficiency, then the Developer must begin to correct the deficiency within thirty (30) days and complete the correction of the deficiency as soon as reasonably possible.

Section 4.14 Relocation. The County acknowledges and agrees that the Property and all improvements currently located thereon are vacant or will be vacant and free of any relocation responsibilities by the Close of Escrow. If and to the extent the acquisition of the Property or the construction of the Development by the Developer result in the permanent or temporary displacement of residential tenants, homeowners, or businesses because it is determined that the Property was not free of occupants when it is transferred to Developer, then County must comply with all applicable local, state, and federal statutes and regulations, (including without limitation California Government Code Section 7260 et seq., and accompanying regulations) with respect to relocation planning, advisory assistance, and payment of monetary benefits. The County is solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws.

Section 4.15 Bid Package.

(a) The Developer will cause Developer's general contractor to provide the Bid Package to all subcontractors.

(b) All calls for bids, bidding materials and the construction contract documents for the Development must specify that: (1) No contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Development unless registered with the DIR pursuant to Labor Code Section 1725.5, and (2) the Development is subject to compliance monitoring and enforcement by the DIR.

Section 4.16 Financial Accountings and Post-Completion Audits; Audits.

(a) No later than sixty (60) days following completion of construction of the Development, the Developer must provide to County an initial estimated unaudited financial accounting of all sources and uses of funds for the Development. No later than one hundred twenty (120) days following completion of construction of the Development, the Developer must submit an audited financial report showing the sources and uses of all funds utilized for the Development.

(b) The Developer must make available for examination at reasonable intervals and during normal business hours to County all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and must permit County to audit, examine, and make excerpts or transcripts from such records. The County, in its reasonable discretion, may make audits of any records related to the development or operation of the Development.

Section 4.17 Certificate of Completion. Promptly after completing the Improvements in accordance with those provisions of this Agreement that relate solely to the obligations of Developer to construct the Improvements (including the dates for beginning and completion thereof), the County will provide a Certificate of Completion so certifying. The Certificate of Completion will be the conclusive determination that certain covenants in this Agreement with respect to the obligations of the Developer to construct the Improvements (excluding the Developer's compliance with Section 4.6) and the dates for the beginning and completion thereof have been met. The Certificate of Completion must be in a recordable form. The Certificate of Completion will not constitute evidence of compliance with or satisfaction of any obligation of the Developer to (i) any holder of a deed of trust securing money loaned to finance the Improvements or any part thereof, (ii) pay prevailing wages, or (c) rent the Units in accordance with the terms of this Agreement and the Regulatory Agreement. The Certificate of Completion may not be deemed a notice of completion under the California Civil Code.

ARTICLE 5.
ONGOING DEVELOPER OBLIGATIONS

Section 5.1 Applicability. The conditions and obligations set forth in this Article 6 apply throughout the Term, unless a different period of applicability is specified for a particular condition or obligation.

Section 5.2 Use.

(a) The Developer hereby agrees that, for the entire Term, the Development will be used only for residential purposes and limited commercial use consistent with the Regulatory Agreement. If and to the extent any portion of the Property is used for commercial use, the County will deposit in to the County's Low and Moderate Income Housing Asset Fund (created pursuant to Health and Safety Code Section 34176), an amount equal to the Purchase Price multiplied by the fraction, the numerator of which is the square footage of the Property that is used for commercial purposes and the denominator of which is the total square footage of the

Property, consistent with the requirements of Community Redevelopment Law (Health and Safety Code Section 33000, et. seq).

(b) The Regulatory Agreement shall require that a portion of the Units be affordable to and occupied by Extremely Low Income Households and Lower Income Households, in proportions determined by the County to be consistent with Health and Safety Code Section 34176.1. In the event of a foreclosure of a Senior Lien (or deed in lieu of foreclosure), then the County and the entity acquiring the Development at foreclosure (or through a deed in lieu of foreclosure) shall apportion the affordability targeting in a manner consistent with Health and Safety Code Section 34176.1.

Section 5.3 Maintenance.

(a) The Developer agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, of the Development in first-class condition and repair and in a sanitary condition (and, as to landscaping, in a healthy condition, subject to any restrictions on water use) and in accordance with the Management Plan approved pursuant to Section 2.8 of this Agreement (including without limitation any landscape and signage plans), as the same may be amended from time to time, and all applicable laws, rules, ordinances, orders, and regulations of all federal, state, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials.

(b) The Developer acknowledges the great emphasis the County places on quality maintenance to protect its investment and to provide quality low-income housing for area residents and to ensure that County assisted affordable housing projects are not allowed to deteriorate due to deficient maintenance. In addition, the Developer must keep the Development free from all graffiti, and any accumulation of shopping carts, debris or waste material. The Developer must promptly make all repairs and replacements necessary to keep the Development in first-class condition and repair and promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable approved materials.

(c) In the event that the Developer breaches any of the covenants contained in this section and such default continues for a period of seven (7) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from 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, will have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the County will be permitted (but is not required) to enter upon the Property and 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, including a ten percent (10%) administrative charge, which amount must be promptly paid by the Developer to the County upon demand.

(d) The Developer agrees, for the entire Term of this Agreement, to operate and maintain the Property and the Improvements in full compliance with the Redevelopment Plan and all applicable local, state, and federal laws and regulations.

Section 5.4 Taxes and Assessments. The Developer must pay all real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that the Developer has the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge against it, the Developer, on final determination of the proceeding or contest, must immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

Section 5.5 Mandatory Language in All Subsequent Deeds, Leases and Contracts.

(a) Basic Requirement. The Developer may not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Development on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code. Developer or any person claiming under or through the Developer may not 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 Development. The foregoing covenant runs with the land.

(b) Provisions in Conveyance Documents. All deeds, leases or contracts made or entered into by Developer, and its successor and assigns permitted under this Agreement, as to any portion of the Property must contain therein the following language:

(1) In Deeds:

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

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of

the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(2) In Leases:

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

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(3) In Contracts:

"(1) There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee 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 of the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

Section 5.6 Hazardous Materials.

(a) Certain Covenants and Agreements. The Developer hereby covenants and agrees throughout the Term of this Agreement:

(1) The Developer will keep and maintain the Property and the Improvements located thereon, in compliance with all Hazardous Materials Laws, and may not cause or permit the Development or any portion thereof to be a site for the release, use, generation, treatment, manufacture, storage, discharge, disposal or transportation of Hazardous Materials or otherwise permit the presence of Hazardous Materials in, on or under the Development;

(2) The Developer must keep and maintain the Development and each portion thereof in compliance with, and may not cause or permit the Development or any portion thereof to be in violation of, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same the Developer must immediately advise the County in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Development pursuant to any applicable Hazardous Materials Laws; (ii) any and all claims made or threatened by any third party against the Developer or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (i) and this clause (ii) are hereinafter referred to as "Hazardous Materials Claims"); (iii) the presence of any Hazardous Materials in, on or under the Development; or (iv) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development classified as "borderzone property" under the provisions of California Health and Safety Code Sections 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 Development under any Hazardous Materials Laws. The County has the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Developer.

(4) Without the County's prior written consent, which will not be unreasonably withheld, the Developer must not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 9.7 below, in consideration for the transfer of the Property by the County and from and after the conveyance of the Property by the County to the Developer, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, and its board members, officers, directors, representatives, consultants, employees and agents (together the "Indemnified Parties") from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs

and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Development; (2) during Developer's ownership of the Property, the presence in, on or under the Development of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Development; or (3) during Developer's ownership of the Property, any activity carried on or undertaken on or off the Property whether by the Developer or any employees, agents, contractors or subcontractors of the Developer or any third persons at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Development. The foregoing indemnity applies to any residual contamination on or under the Development, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The foregoing indemnity does not apply to any claims, losses, damages, liabilities, fines, penalties, or charges that are caused by the negligence or willful misconduct of the County. The provisions of this subsection will survive the expiration of the Term or other termination of this Agreement and the termination of any applicable County Documents.

(c) No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under subsection (b) above, are in no way limited or otherwise affected by any information the County may have concerning the Development and/or the presence within the Development of any Hazardous Materials, whether the County obtained such information from the Developer or from its own investigations.

Section 5.7 Management Agent; Periodic Reports.

(a) Management Agent. The Development must at all times be managed by an experienced Management Agent reasonably acceptable to the County, with demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing. For any change in the Management Agent, the Developer must submit for the County's reasonable approval the identity of any proposed Management Agent. The Developer must 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 will approve the proposed Management Agent by notifying the Developer in writing.

(b) Performance Review. The County reserves the right to conduct a periodic review of the management practices and financial status of the Development within thirty (30) days after each anniversary of the issuance of the Certificate of Completion. 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 Agreement. The Developer must cooperate with the County in such reviews.

(c) Books, Records and Reports. For purposes of such periodic reviews, the Developer and the Management Agent must make available to the County for inspection all books and records with respect to the Development. In addition, the Developer must provide the County with: (1) by not later than thirty (30) days prior to commencement of each calendar year, the annual budget for the upcoming calendar year; (2) within ninety (90) days following the end of each calendar year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding calendar year and the status of all reserve funds; and (3) within one hundred twenty (120) days following the end of each calendar year, a copy of the Developer's federal income tax filings for the calendar year.

(d) 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 requirements and standards of the Management Plan, the Management Agreement, or the County Documents, the County must deliver notice to the Developer of its intention to cause a replacement of the Management Agent. Within thirty (30) days of receipt by the Developer of such written notice, County staff and the Developer must meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacing the Management Agent. If, after such meeting, County staff recommends in writing the replacement of the Management Agent, the Developer must promptly dismiss the then Management Agent, and appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in subsection (a) above, which appointment must be approved by the County pursuant to subsection (a) above.

(e) Any contract for the operation or management of the Development entered into by the Developer must provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a Developer Event of Default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Article 7.

Section 5.8 Approval of Management Plan Modifications. Pursuant to Section 2.8, the County is to review and approve the written Management Plan for the Development no later than six (6) months after commencement of construction of the Development pursuant to the Development Schedule. Each year thereafter, within sixty (60) days of the end of the calendar year, the Developer must submit to the County any proposed changes to the Management Plan. The County will approve or disapprove the proposed changes to the Management Plan in writing within fifteen (15) days following the County's receipt of the request to amend the Management Plan, which approval may not be unreasonably denied. If the change to the Management Plan is disapproved by the County, the County must deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer will have fifteen (15) days following the receipt of such notice to submit a revised Management Plan modification in any way necessary to ensure that such policies comply with the provisions of this Agreement. The County's approval of the amendments to the Management Plan may not be unreasonably withheld.

Section 5.9 Resident Services Plan and Resident Services Budget.

(a) Developer hereby agrees to contract for a resident services coordinator at least one (1) month prior to completion of the Improvement. The Developer must submit to the County and initial proposed "Resident Services Plan" and "Resident Services Budget" no later than six (6) months after the commencement of construction of the Development pursuant to the Development Schedule. Each year thereafter, within sixty (60) days of the end of the calendar year, the Developer must furnish to the County a draft Resident Services Plan and Resident Services Budget. Upon receipt by the County of the proposed Resident Services Plan and Resident Services Budget, the County will promptly review the same and approve or disapprove the Resident Services Plan and the Resident Services Budget within ten (10) business days. If the Resident Services Plan or Resident Services Budget are not approved by the County, the County must set forth in writing and notify the Developer of the County's reasons for withholding such approval. The writing may include a request by the County for a change in the nature or scope of resident services or a change in service provider. The Developer will thereafter submit a revised Resident Services Plan and Resident Services Budget for County approval, which approval will be granted or denied within five (5) business days in accordance with the procedures set forth above.

(b) The Resident Services Budget must show required expenditures from annual operating expenses, and may include an annual sum for Resident Services, provided however the operating expenses line item for Resident Services may be increased in such amount approved by the County prior to commencement of the calendar year, pursuant to the procedure for submission and approval of the Resident Services Plan and Resident Services Budget as set forth in Section 5.9(a).

Section 5.10 Insurance Requirements.

(a) Required Coverage. The Developer must maintain and keep in force, at the Developer's sole cost and expense, the following insurance applicable to the Development:

(1) Workers' Compensation insurance, including Employers' Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(2) 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. Products and Completed Operations coverage must be obtained no later than completion of construction of the Development.

(3) Commercial 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; provided, however, that if the Developer does not own or lease vehicles for purposes of this Agreement, then no automobile insurance will be required and both parties to this Agreement must initial this provision signifying same.

(4) Builders' risk insurance during the course of construction (and upon completion of construction, property insurance) covering the Development and covering all risks of loss, excluding earthquake and including flood (if required), for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County.

(b) Subcontractor's Insurance. The Developer will cause any subcontractor, or agent working on the Development under direct contract with the Developer to maintain insurance of the types and in at least the minimum amounts described in subsections (a)(1) through (a)(4) above, and require that such insurance meets all of the general requirements of subsection (c) below. Subcontractors working on the Development under indirect contract with the Developer are required to maintain the insurance described in subsections (a)(1), (a)(2) and (a)(3) above, except that the limit for the insurance described in subsection (a)(2) may be One Million Dollars (\$1,000,000). Liability and Commercial Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection must name as additional insureds the County, its board members, officers, directors, representatives, consultants, employees and agents.

(c) General Requirements. The required insurance must be provided under an occurrence form, and the Developer must maintain such coverage 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 (3) times the occurrence limits specified above.

Commercial General Liability, Commercial Automobile Liability and Property insurance policies (including builders' risk) must be endorsed to name as additional insureds the County and its board members, officers, directors, representatives, consultants, employees and agents.

All policies and bonds must be endorsed to provide: (1) thirty (30) days prior written notice of cancellation, reduction in coverage, intent not to renew or any material change in said policies to the address established for notices to the County pursuant to this Agreement; (2) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (3) a provision that no act or omission of the Developer will affect or limit the obligation of the property insurance carrier to pay the amount of any loss sustained; and (4) a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any property loss or damage thereby insured against.

(d) Certificates of Insurance. Upon the County's request at any time during the Term, the Developer must provide certificates of insurance, in form and with insurers reasonably acceptable to the County, evidencing compliance with the requirements of this Section, and must provide complete copies of such insurance policies, including a separate endorsement naming the County as additional insured.

Section 5.11 Audits. The Developer must make available for examination at reasonable intervals and during normal business hours to the County all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and permit the

County to audit, examine, and make excerpts or transcripts from such records. The County may make audits of any conditions relating to this Agreement.

Section 5.12 Safety Conditions.

(a) The Developer acknowledges that the County places a prime importance on the security of County assisted projects and the safety of the residents and surrounding community. The Developer agrees to implement and maintain throughout the Term the following security measures in the Development:

(1) To the extent feasible employ defensible space design principles and crime prevention measures in the operation of the Development including but not limited to maintaining adequate lighting in parking areas and pathways;

(2) For the entire Term of this Agreement, the Developer must cause the Management Agent to participate in the Contra Costa County Sheriff Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's all of the training phases and a Full Certification must be achieved and maintained by the Management Agent; and

(3) Provide added security including dead-bolt locks for every entry door, and where entry doors are damaged, replace them with solid-core doors.

(b) The County has the right to enter on the Property and/or contact the Contra Costa County Sherriff's Department if it becomes aware of or is notified of any conditions that pose a danger to the peace, health, welfare or safety of the residents and/or the surrounding community, and to perform or cause to be performed such acts as are necessary to correct the condition.

Section 5.13 Notice of Litigation. Developer must promptly notify the County in writing of any litigation materially affecting Developer or the Property and of any claims or disputes that involve a material risk of such litigation.

ARTICLE 6.
ASSIGNMENT AND TRANSFERS

Section 6.1 Definitions. As used in this Article 6, the term "Transfer" means:

- (a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Development or any part thereof or any interest therein or any contract or agreement to do any of the same;
- (b) Any total or partial sale, assignment or conveyance, of any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in Developer, or any contract or agreement to do any of the same;
- (c) Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer; or
- (d) The leasing of part or all of the Property or the Improvements thereon, provided; however, that leasing of the Units included within the Improvements to tenant occupants in accordance with the Regulatory Agreement will not be deemed a Transfer for purposes of this Article.

Section 6.2 Purpose of Restrictions on Transfer.

(a) This Agreement is entered into solely for the purpose of the development and operation of the Development and its subsequent use in accordance with the terms hereof. The Developer recognizes that the qualifications and identity of Developer are of particular concern to the County, in view of:

- (1) The importance of the redevelopment of the Property to the general welfare of the community;
- (2) The land acquisition assistance and other public aids that have been made available by law and by the government for the purpose of making such redevelopment possible;
- (3) The reliance by the County upon the unique qualifications and ability of the Developer to serve as the catalyst for development of the Property;
- (4) The fact that a change in ownership or Control of the Developer as owner of the Property, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Developer or the degree thereof is for practical purposes a transfer or disposition of the Property;
- (5) The fact that the Property is not to be acquired or used for speculation, but only for development and operation by the Developer in accordance with the Agreement and the Regulatory Agreement; and

(6) The importance to the County and the community of the standards of use, operation and maintenance of the Property.

(b) The Developer further recognizes that it is because of such qualifications and identity that the County is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

Section 6.3 Prohibited Transfers. The limitations on Transfers set forth in this Article apply throughout the Term. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law without the prior written approval of the County.

Any Transfer made in contravention of this Section are void and are deemed to be a default under this Agreement whether or not the Developer knew of or participated in such Transfer.

Section 6.4 Permitted Transfers. Notwithstanding the provisions of Section 7.3, the following Transfers are permitted and are hereby approved by the County:

(a) Any Transfer creating a Security Financing Interest permitted pursuant to the approved Financing Plan;

(b) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest or as otherwise permitted under Article 8.

(c) The leasing of residential units within the Development in accordance with the Regulatory Agreement.

(d) The granting of easements, licenses or permits to facilitate the development of the Property.

(e) The County hereby approves a Transfer of a limited partnership interest in the Developer to the Investor, or to an affiliate of the Investor (provided such affiliate provides documentation reasonably acceptable to the County that the affiliate has sufficient financial capability to provide the capital contributions set forth in the Financing Plan) and future transfers of such interest provided that: (1) the Developer's partnership agreement provides for capital contributions of the limited partners consistent with the Financing Plan and is first approved by the County in its reasonable discretion; (2) all documents associated with the tax credit syndication of the Development are submitted to the County for approval prior to execution, which approval may not be unreasonably withheld; and (3) in subsequent transfers the Investor (or an affiliate of the Investor reasonably acceptable to the County) remains liable for all unpaid capital contributions. The Parties agree and acknowledge that an entity controlled by the Sponsor will remain the managing general partner of the Developer throughout the Term. In the event the general partner of the Developer is removed by the limited partner of the Developer for cause following default under the Developer's partnership agreement, the County hereby approves the transfer of the general partner interest to a 501(c)(3) tax-exempt nonprofit public

benefit corporation that is selected by the limited partner and approved in advance and in writing by the County, which approval may not be unreasonably withheld.

(f) The County also hereby approves future Transfers of the limited partner interest provided that: (1) such Transfers do not affect the timing and amount of the limited partner capital contributions provided for in the partnership agreement approved by the County; and (2) in such Transfers, a wholly owned affiliate of the general partners retains a membership or partnership interest and serves as a managing member or managing general partner of the successor limited partner.

Section 6.5 Effectuation of Certain Permitted Transfers.

(a) No Transfer of this Agreement permitted pursuant to Section 7.4 will be effective unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an instrument in writing prepared by the County and in form recordable among the Official Records, expressly assumes the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during the term of this Agreement, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Development conveyed in such Transfer. Anything to the contrary notwithstanding, the holder of a Security Financing Interest whose interest have been acquired by, through or under a Security Financing Interest or have been derived immediately from any holder thereof will not be required to give to County such written assumption until such holder or other person is in possession of the Property or entitled to possession thereof pursuant to enforcement of the Security Financing Interest.

(b) In the absence of specific written agreement by the County, no such Transfer, assignment or approval by the County will be deemed to relieve the Developer or any other party from any obligations under this Agreement.

Section 6.6 Other Transfers with County Consent. The County may, in its sole discretion, approve in writing other Transfers as requested by the Developer. In connection with such request, there must be submitted to the County for review all instruments and other legal documents proposed to effect any such Transfer. If a requested Transfer is approved by the County such approval must be indicated to the Developer in writing. Such approval must be granted or denied by the County within thirty (30) days of receipt by the County of Developer's request for approval of a Transfer.

ARTICLE 7.
DEFAULT AND REMEDIES

Section 7.1 General Applicability. The provisions of this Article 7 govern the Parties' remedies for breach or failure of this Agreement.

Section 7.2 No Fault of Parties. The following events constitute a basis for a party to terminate this Agreement without the fault of the other:

(a) The Developer, despite good faith and diligent efforts, is unable to obtain commitments for all financing and tax credit equity needed to acquire and develop the Property.

(b) The County, despite good faith and diligent efforts, is unable to convey the Property to the Developer and the Developer is otherwise entitled to such conveyance.

(c) The Developer, despite good faith and diligent efforts, is unable to obtain the County's approval of the County Documents, the Project Documents, the Financing Plan, the Management Plan or obtain Governmental Approvals necessary to develop the Improvements.

(d) Upon the happening of the above-described event and at the election of either party, this Agreement may be terminated by written notice to the other party. After such termination of this Agreement, neither party will have any rights against, or liability to, the other under this Agreement, except that the indemnification provisions of this Agreement will survive such termination and remain in full force and effect.

Section 7.3 Fault of County.

(a) Except as to the events constituting a basis for termination under Section 7.2, each of the following events constitutes a "County Event of Default" and a basis for the Developer to take action against the County:

(1) The County, without good cause, fails to convey the Property to the Developer within the time set forth in the Development Schedule and in the manner set forth in Article 3 and the Developer is otherwise entitled by this Agreement to such conveyance; or

(2) The County breaches any other material provision of this Agreement (including failure to timely respond to performance time frames set forth in this Agreement).

(b) Upon the happening of any of the above-described events, the Developer must first notify the County in writing of its purported breach or failure, giving the County forty-five (45) days from receipt of such notice to cure or, if cure cannot be accomplished within forty-five (45) days, to commence to cure such breach, failure, or act. In the event the County does not then so cure within said forty-five (45) days, or if the breach or failure is of such a nature that it cannot be cured within forty-five (45) days, the County fails to commence to cure within such forty-five (45) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the Developer will be afforded all of its rights at law or in equity, by taking all or any of the following remedies: (1) terminating in writing this Agreement (provided, however, that the indemnification provisions of this Agreement will survive such termination); and (2) prosecuting an action for specific performance.

Section 7.4 Fault of Developer.

(a) Each of the following events constitutes a "Developer Event of Default" and a basis for the County to take action against the Developer:

(1) The Developer fails to exercise good faith and diligent efforts to satisfy, within the time and in the manner set forth in Article 2, one or more of the conditions precedent to the County's obligation to convey the Property to the Developer;

(2) The Developer refuses to accept conveyance from the County of the Property within the time periods and under the terms set forth in Article 3;

(3) The Developer constructs or attempts to construct the Improvements in violation of Article 4;

(4) The Developer has not satisfied all preconditions set forth in this Agreement to enable it to commence construction of the Improvements by the date set forth in the Development Schedule, or fails to commence or complete construction of the Improvements by the date set forth in the Development Schedule (as such dates may be extended with the prior written consent of the Director), or abandons or suspends construction of the Improvements prior to completion of all construction for a period of sixty (60) days after written notice by the County of such abandonment or suspension;

(5) The Developer fails to comply with any obligation or requirement set forth in Article 4 or 5, including, but not limited to, the Developer's failure to construct the Development, or the Developer's failure to rent the Units to Extremely Low Income Households and Lower Income Households in accordance with this Agreement;

(6) A Transfer occurs, either voluntarily or involuntarily, in violation of Article 6;

(7) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the County in connection with this Agreement proves to have been incorrect in any material and adverse respect when made;

(8) A court having jurisdiction makes or enters any decree or order: (i) adjudging the Developer to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Developer, or seeking any arrangement for the Developer, 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 the Developer, in bankruptcy or insolvency or for any of their properties; or (iv) directing the winding up or liquidation of the Developer, if any such decree or order described in clauses (i) to (iv), inclusive, continued unstayed or undischarged for a period of ninety (90) days unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period will apply under this subsection (9) as well; or the Developer, admits in writing its inability to pay its debts as they fall due or voluntarily submits to or files a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive;

(9) The Developer assigns its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period will apply under this subsection as well) or prior to sooner sale pursuant to such sequestration, attachment, or execution;

(10) The Developer voluntarily suspends its business or, the Developer is dissolved or terminated;

(11) There occurs any default declared by any lender under any loan document related to any loans secured by a deed of trust on the Development, after the expiration of applicable cure periods; or

(12) The Developer breaches any other material provision of this Agreement or any material provision in any of the other County Documents and all applicable cure periods have expired.

Section 7.5 Remedies.

(a) Upon the happening of any of the above-described events the County must first notify the Developer in writing of its purported breach, failure or act above described, giving the Developer thirty (30) days from receipt of such notice to cure, or, if cure cannot be accomplished within said thirty (30) days, to commence to cure such breach, failure, or act. In the event the Developer fails to cure within said thirty (30) days, or if such breach is of a nature that it cannot be cured within thirty (30) days, Developer fails to commence to cure within said thirty (30) days and diligently complete such cure within a reasonable time thereafter but in no event later than ninety (90) days (or such longer period as the County in its sole discretion may allow), then the County will be afforded all of its rights at law or in equity by taking any or all of the following remedies:

(1) Terminating this Agreement by giving written notice to the Developer; provided, however, that the County's remedies pursuant to this Article 7, and the indemnification provisions of this Agreement survive such termination.

(2) Prosecuting an action for damages or specific performance.

(3) Any of the remedies specified in Sections 7.5, 7.6, 7.7, or 7.8.

(b) Notwithstanding the notice and cure periods set forth above, with respect to a Developer Event of Default described in subsection (a)(3), (a)(6) through (a)(11) above, the County may initiate enforcement action, without the provision of any notice, or the passage of any cure period.

Section 7.6 Right of Reverter.

(a) In the event that, following the Close of Escrow, this Agreement is terminated pursuant to Section 7.4 and such termination occurs prior to issuance of a Certificate of Completion for the Improvements, then the County has the right to reenter and take possession of the Property and all improvements thereon and to revest in the County the estate of the Developer in the Property.

(b) Upon vesting or revesting in the County of title to the Property, the County will promptly use its best efforts to resell the Property consistent with the County's obligations under applicable laws. Upon sale the proceeds will be applied as follows:

(1) First, to reimburse the County for any costs it incurs in managing or selling the Property (after exercising its right of reverter), including but not limited to amounts to discharge or prevent liens or encumbrances arising from any acts or omissions of the Developer;

(2) Second, to reimburse the County for damages to which it is entitled under this Agreement by reason of the Developer's default;

(3) Third, to the Developer up to the sum of the purchase price Developer paid for the Property pursuant to Section 3.2 and the reasonable cost of the Improvements the Developer has placed on the Property and such other reasonable costs Developer has incurred directly in connection with development of the Property that were not financed by the County; and

(4) Fourth, any balance to the County.

Section 7.7 Option to Repurchase, Reenter and Repossess.

(a) The County has the additional right at its option to repurchase, reenter and take possession of the Property or any portion thereof owned by the Developer with all improvements thereon, if after conveyance of title to any portion of the Property and prior to the issuance of the Certificate of Completion for the Improvements, there is a Developer Event of Default pursuant to Section 7.4.

(b) Such right to repurchase, reenter and repossess, to the extent provided in this Agreement, is subordinate and subject to and limited by and not defeat, render invalid or limit:

(1) Any Approved Security Interest Assignment permitted by this Agreement; or

(2) Any rights or interest provided in this Agreement for the protection of the holder of such Approved Security Interests.

(c) To exercise its right to repurchase, reenter and take possession with respect to the Property owned by the Developer, the County must pay to the Developer in cash an amount equal to:

(1) The purchase price paid to the County for the applicable portion of the Property; plus

(2) The fair market value of the improvements existing on the applicable portion of the Property at the time of the repurchase, reentry and repossession; less

(3) Any gains or income withdrawn or made by the Developer from the applicable portion of the Property or the improvements thereon; less

(4) The value of any unpaid liens or encumbrances on the applicable portion of the Property which the County assumes or takes subject to said encumbrances.

Section 7.8 Right to Cure at Developer's Expense. The County has the right to cure any monetary default by the Developer under a loan made in connection with the Development. The Developer agrees to reimburse the County for any funds advanced by the County to cure a monetary default by Developer upon demand therefor, together with interest thereon at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law from the date of expenditure until the date of reimbursement.

Section 7.9 Project Documents. If the Agreement is terminated pursuant to Sections 7.2 or 7.4, without limiting those rights set forth in the Assignment of Collateral Documents, the Developer, at no cost to the County, must deliver to the County copies of any Project Documents and studies in the Developer's possession or to which Developer is entitled related to development of the Improvements on the Property.

Section 7.10 Rights of Mortgagees. Any rights of the County under this Article 7 will not defeat, limit or render invalid any Security Financing Interest permitted by this Agreement or any rights provided for in this Agreement for the protection of holders of Security Financing Interests. Any conveyance or reverter of the Property to the County pursuant to this Article 7 will be subject to Security Financing Interests permitted by this Agreement.

Section 7.11 Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy will be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise. Neither the failure nor any delay to exercise any such rights and remedies will operate as a waiver thereof, nor will any single or partial exercise of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 7.12 Waiver of Terms and Conditions. The County Administrator may, at the County Administrator's discretion, waive in writing any of the terms and conditions of this Agreement or any of the County Documents, without the County and the Developer completing an amendment to this Agreement. No waiver of any default or breach by the Developer hereunder will be implied from any omission by the County to take action on account of such default if such default persists or is repeated, and no express waiver will affect any default other than the default specified in the waiver, and such waiver will be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein will not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the County to or of any act by the Developer requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy will in no event constitute a cure or a waiver of any default under this Agreement or any of the County Documents, nor will it invalidate any act done pursuant to notice of default, or prejudice the County in the exercise of any right, power, or remedy under the County Documents, unless in the exercise of any such right, power, or remedy all obligations of the Developer to County are paid and discharged in full.

ARTICLE 8.
SECURITY FINANCING AND RIGHTS OF HOLDERS

Section 8.1 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Agreement, mortgages and deeds of trust, or any other reasonable method of security are permitted to be placed upon the Developer's fee interest in the Property, but only for the purpose of securing loans approved by the County pursuant to the approved Financing Plan. Mortgages, deeds of trust, or other reasonable security instruments securing loans approved by the County pursuant to the approved Financing Plan are each referred to as a "Security Financing Interest." The words "mortgage" and "deed of trust" as used in this Agreement include all other appropriate modes of financing real estate acquisition, construction, and land development.

Section 8.2 Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such construction or completion; nor will any covenant or any other provision in conveyances from the County to the Developer evidencing the realty comprising the Property or any part thereof be construed so to obligate such holder. However, nothing in this Agreement is deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses of improvements provided for or authorized by this Agreement and the Regulatory Agreement.

Section 8.3 Notice of Default and Right to Cure. Whenever the County pursuant to its rights set forth in Article 9 of this Agreement delivers any notice or demand to the Developer with respect to the commencement, completion, or cessation of the construction of the Improvements, the County will at the same time deliver to each holder of record of any Security Financing Interest creating a lien upon the Developer's fee interest in the Property or any portion thereof, and the Investor, a copy of such notice or demand. Each such holder (insofar as the rights of the County are concerned) has the right, but not the obligation, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach affecting the Property which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement is deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to the County relating to such Improvements under this Agreement pursuant to an assignment and assumption agreement prepared by the County and recordable among the Official Records (the "Security Financing Interest Assignment"). The holder in that event must agree to complete, in the manner provided in this Agreement (or as may be amended by the Security Financing Interest Assignment; provided, however, the County is under no obligation to extend the dates for performance set forth in this Agreement), the Improvements to which the lien or title of such holder relates. Any such holder properly completing such Improvements pursuant to this paragraph must assume all rights and obligations of Developer under this Agreement and will be entitled, upon completion and written request made to the County, to a Certificate of Completion from the County.

Section 8.4 Failure of Holder to Complete Improvements. In any case where six (6) months after default by the Developer in completion of construction of the Improvements under this Agreement, the holder of record of any Security Financing Interest, having first exercised its

option to construct pursuant to the Security Financing Interest Assignment, has not proceeded diligently with construction (as reasonably determined by the County), the County must be afforded those rights against such holder it would otherwise have against Developer under this Agreement.

Section 8.5 Right of County to Cure. In the event of a default or breach by the Developer of a Security Financing Interest prior to the completion of the Improvements, and the holder has not exercised its option to complete the Improvements on the Property, the County may cure the default, prior to the completion of any foreclosure. In such event the County will be entitled to reimbursement from the Developer of all costs and expenses incurred by the County in curing the default. The County will also be entitled to a lien upon the Property or any portion thereof to the extent of such costs and disbursements. The County agrees that such lien will be subordinate to any Security Financing Interest, and the County will execute from time to time any and all documentation reasonably requested by Developer to effect such subordination.

Section 8.6 Right of County to Satisfy Other Liens. After the conveyance of title to the Property or any portion thereof and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Property or any portion thereof, the County will have the right to satisfy any such lien or encumbrances; provided, however, that nothing in this Agreement will require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith may contest the validity or amount therein and so long as such delay in payment is not subject the Property or any portion thereof to forfeiture or sale.

Section 8.7 Holder to be Notified. The Developer will insert each term contained in this Article 8 into each Security Financing Interest or will procure acknowledgement of such terms by each prospective holder of a Security Financing Interest prior to its coming into any security right or interest in the Property or portion thereof.

ARTICLE 9. GENERAL PROVISIONS

Section 9.1 Notices, Demands and Communications. Formal notices, demands, and communications between the County and the Developer will be sufficiently given if, and not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by reputable overnight delivery service, or delivered personally, to the principal office of the County and the Developer as follows:

County:	Contra Costa County Department of Conservation and Development 30 Muir Road Martinez, CA 94553 Attention: Director
Developer:	Community Housing Development Corporation of North Richmond

1535-A Third Street
Richmond, CA 94801
Attention: Executive Director

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.

Section 9.2 Non-Liability of County Officials, Employees and Agents. No board members, officers, directors, representatives, consultants, employees and agents of the County may be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the County or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

Section 9.3 Forced Delay. In addition to specific provisions of this Agreement, performance by either party hereunder will not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God, or other deities; acts of terrorism or the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); acts of the other party; acts or failure to act of any public or governmental agency or entity (other than the acts or failure to act of the County); or any other causes (other than Developer's inability to obtain financing for the Improvements) beyond the control or without the fault of the party claiming an extension of time to perform. Times of performance under this Agreement may also be extended in writing by the County and the Developer. In no event will the cumulative delays exceed one hundred twenty (120) days, unless otherwise agreed to by the Parties in writing.

Section 9.4 Inspection of Books and Records. Upon request, the Developer must permit the County to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Developer necessary to determine Developer's compliance with the terms of this Agreement.

Section 9.5 Provision Not Merged with Deed. None of the provisions of this Agreement are intended to or will be merged by any grant deed transferring title to any real property which is the subject of this Agreement from County to Developer or any successor in interest, and any such grant deed will not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 9.6 Title of Parts and Sections. Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and should be disregarded in construing or interpreting any part of its provision.

Section 9.7 General Indemnification. The Developer hereby agrees to indemnify, defend (with counsel reasonably selected by the County) and hold the County, and its board members, officers, directors, representatives, consultants, employees and agents (collectively, the "Indemnified Parties") harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against all or any of the Indemnified Parties, and expenses (including reasonable attorneys' fees) which arise out of or in connection with this

Agreement or any of the County Documents, including but not limited to the purchase of the Property, development of the Improvements, and the operation of the Development, except to the extent such claim arises from the grossly negligent or willful misconduct of the County. The provisions of this Section survive both the issuance of a Certificate of Completion by the County and termination of this Agreement.

Section 9.8 Applicable Law. This Agreement must be interpreted under and pursuant to the laws of the State of California.

Section 9.9 No Brokers. Each party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim must indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's reasonable attorneys' fees, if necessary, arising out of the broker's or finder's claim. The provisions of this section survive expiration of the Term or other termination of this Agreement, and will remain in full force and effect.

Section 9.10 Severability. If any term, provision, covenant or condition 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 9.11 Legal Actions and Attorneys' Fees. Any legal action commenced to interpret or to enforce the terms of this Agreement must be filed in the Superior Court of the County.

Section 9.12 Binding Upon Successors. This Agreement is binding upon and inures to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto, except that there may be no Transfer of any interest by any of the Parties hereto except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named party is deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

The covenants and restrictions set forth in this Agreement run with the land, and will bind all successors in title to the Property. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property will be held conclusively to have been executed, delivered, and accepted subject to such 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 the Property from the requirements of this Agreement.

Section 9.13 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 9.14 Discretion Retained by County. The County's execution of this Agreement does not constitute approval by the County and in no way limits the discretion of the County in the permit and approval process in connection with development of the Improvements.

Section 9.15 Time of the Essence. In all matters under this Agreement, the Parties agree that time is of the essence.

Section 9.16 Representation and Warranties of Developer. The Developer hereby represents and warrants to the County as follows:

(a) Organization. The Developer is a duly organized, validly existing California corporate entity, and is 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 Developer. The Developer has full power and authority to execute and deliver this Agreement, 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 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 Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement 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. This Agreement and all other documents or instruments which have been 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 the Developer enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement 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 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 binding on the Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Improvements 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. The Developer 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 the Developer, threatened against or affecting the Developer, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Developer, materially affect the Developer's ability to develop the Improvements.

(h) Title to Property. Upon the Close of Escrow, the Developer will have good and marketable fee title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than those liens approved by the County, liens for current real property taxes and assessments not yet due and payable, and liens in favor of the County or approved in writing by the County.

(i) Financial Statements. The financial statements of the Developer, and other financial data and information furnished by, or on behalf of the Developer, to the County fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of the Developer from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Upon the acquisition of the Property, the Developer will hold sufficient funds or binding commitments for sufficient funds to obtain the Property, and complete the construction of the Improvements in accordance with this Agreement.

Section 9.17 Entry by the County. The Developer hereby permits the County, through its officers, agents, consultants or employees, at all reasonable times, and upon forty-eight hours' notice, to enter into the Development: (a) to inspect the work of construction to determine that the same is in conformity with the requirements of this Agreement; and (b), following completion of construction to inspect the ongoing operation and management of the Development to determine that the same is in conformance with the requirements of this Agreement. The Developer acknowledges that the County is under no obligation to supervise, inspect, or inform the Developer of the progress of construction, or operations and the Developer may not rely upon the County therefor. Any inspection by the County during the construction is entirely for its purposes in determining whether the Developer is in compliance with this Agreement and is not for the purpose of determining or informing the Developer of the quality or suitability of construction. The Developer must rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

Section 9.18 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the parties. All prior discussions, understandings and written agreements are superseded by this Agreement. The Developer and the Developer's counsel have read and reviewed this Agreement and agree that any rule of construction (including, but not limited to Civil Code Section 1654, as may be amended from time to time) to the effect that ambiguities are to be resolved against the drafting party will not apply to the interpretation of this Agreement.

Section 9.19 Amendments. The parties can amend this Agreement only by means of a writing executed by the Developer and the County.

Section 9.20 Counterparts; Multiple Originals. This Agreement may be executed in counterparts, each of which is deemed to be an original.

[Signature Page Follows]

The County and the Developer are signing this Agreement as of the Effective Date.

DEVELOPER:

COMMUNITY HOUSING DEVELOPMENT
CORPORATION OF NORTH RICHMOND, a California
nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

COUNTY:

CONTRA COSTA COUNTY, a political subdivision of the
State of California

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:

By: _____
County Counsel

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of Contra Costa, State of California, and is described as follows:

APN 409-080-001-4: Lots 1 and 2, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

APN 409-080-013-9: Lots 24 and 25, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

APN 409-080-014-7: Lots 26 and 27, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

APN 409-080-015-4: Lots 28, 29, and 30, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

APN: 409-080-016-2; Lots 31 and 32, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, Filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

409-080-020-4. Lots 33 and 34, Block 69, Map of North Richmond Land And Ferry Company, Tract 2, filed September 19, 1911, Map Book 5, Page 124, Contra Costa County Records.

EXHIBIT B
FINANCING PROPOSAL

	A	B	C	D	E	F	G
1	Heritage Point			Construction			
2	Sources of Funds		TOTAL	Period			
3	Permanent Loan - Tranche A		1,909,000			5.50% 40 year amortization & 15 year term	
4	Permanent Loan - Tranche B		5,557,000			5.50% 40 year am, 15 year term	
5			0				
6	Contra Costa County HOME & CDBG		1,748,000	1,748,000			
7	Contra Costa County - additional CDBG		1,200,000	1,200,000			
8	Contra Costa County - Cash Housing Fund		1,000,000	1,000,000			
9	Contra Costa County - Housing Bond Funds		954,229	954,229			
10	Contra Costa County Livable Communities Fu		1,432,830	1,432,830		Net Dev Fee - adjust	1,004,765
11	Contra Costa County Land Donation		530,655	530,655		County - Max Fee	2,048,000
12	Contra Costa County Tax Increment		131,700	131,700			
13	Deferred Fee (max payable over 12 years)		1,199,345				
14	GP Equity/Sponsor Loan		983,509			Construction period c	23,640,337
15	Investor Capital Contributions		9,778,786	977,879		funds available	7,975,293
16	TOTAL SOURCES - HOUSING		26,425,054	7,975,293		construction loan	15,665,044
17						50% test	
18			0			Basis + land	26,469,067
19	Construction loan		15,665,044	4.00%		bond amt	15,665,044
20			14	mo const +	6		59.18%
21							
22							
23	USES OF FUNDS		TOTAL COST	Residential Cost	Commercial Cost	BASIS 4% CREDIT	Construction Period Costs
24							
25	<i>LAND COST/ACQUISITION</i>						
26	Land Cost or Value		530,655	530,655	0		530,655
27	Demolition		0	0	0		0
28	Holding Costs		145,000	145,000	0		145,000
29	Title/Recording/Escrow		25,000	25,000	0		25,000
30	Legal - Acquisition		0	0			0
31	Environmental Remediation		0	0			0
32	Acquisition Financing Costs		0	0			0
33	Off-Site Improvements		1,330,000	1,330,000	0	1,330,000	1,330,000
34	Total Acquisition Cost		2,030,655	2,030,655	0		2,030,655
35	<i>REHABILITATION</i>						
36	Site Work		0	0			0
37	Structures		0	0		0	0
38	General Requirements		0	0		0	0
39	Contractor Overhead		0	0		0	0
40	Contractor Profit		0	0		0	0
41	Total Rehabilitation Cost		0	0			0
42	<i>NEW CONSTRUCTION</i>						
43	Site Work		0	0	0	0	0
44	Structures-Housing		14,000,000	14,000,000	0	14,000,000	14,000,000
45	Design/Escalation Contingency	0%	0	0	0	0	0
46	Solar		0	0	0	0	0
47	Title 24 Contingency		0	0	0		0
48	General Requirements	4%	500,000	500,000	0	500,000	500,000
49	Contractor Insurance & Bond		0	0	0	0	0
50	Contractor Overhead & Profit	10%	1,512,143	1,512,143	0	1,512,143	1,512,143
51	Total New Construction Costs		16,012,143	16,012,143	0		16,012,143
52	<i>ARCHITECTURAL FEES</i>						
53	Design		500,000	500,000	0	500,000	500,000
54	Supervision		0	0	0	0	0
55	Total Architectural Costs		500,000	500,000	0		500,000
56	Survey, Engineering, Other Consultants		52,179	52,179	0	52,179	52,179
57	<i>CONSTR. INTEREST & FEES</i>						
58	Const. Loan Interest		751,922	751,922	0	438,621	751,922
59	Predvt loan interest		46,750	46,750	0		46,750
60	Costs of issuance		403,490	403,490	0		403,490
61	Construction loan fee (.75%)		0	0		0	0
62	Local lender fees		0	0		0	0
63	Taxes		20,000	20,000	0	20,000	20,000
64	Insurance		105,000	105,000	0	105,000	105,000
65	Title and Recording		37,500	37,500	0	37,500	37,500
66	Total Construction Interest and Fees		1,364,662	1,364,662	0		1,364,662
67	<i>PERMANENT FINANCING</i>						
68	Loan Fees @1%		0	0	0		0
69	Title and Recording		22,500	22,500	0		
70	Legal		0	0			0
71	Other		0	0			0
72	Total Permanent Financing Costs		22,500	22,500	0		0
73	<i>LEGAL FEES</i>						
74	Lender Legal and Other Costs Paid by Applicant		0	0	0	0	0
75	Other - Owner Legal		80,000	80,000	0	80,000	80,000
76	Total Attorney Costs		80,000	80,000	0		80,000
77	<i>RESERVES</i>						
78	Capitalized Operating Reserve - 3 mo		198,962	198,962			
79	Capitalized Transition Reserve		0	0			
80	Capitalized services reserve		0	0			
81	Total Reserve Costs		198,962	198,962	0		0
82	Total Appraisal Costs		20,000	20,000	0	20,000	20,000
83	Total Construction Contingency Costs	5%	867,107	867,107	0	867,107	867,107
84	<i>OTHER</i>						
85	Tax Credit App./Alloc./Monitoring fees		59,984	59,984			84,348
86	Construction management, testing, inspection		140,000	140,000	0	140,000	140,000

	A	B	C	D	E	F	G
87	Security		30,000	30,000	0	30,000	30,000
88	Local Development Impact Fees		647,243	647,243	0	647,243	647,243
89	Utility Fees		500,000	500,000	0	500,000	500,000
90	Permit Processing Fees		225,000	225,000	0	225,000	225,000
91	Market Study		15,000	15,000			15,000
92	Marketing & Lease up		105,000	105,000	0		105,000
93	Environmental reports		46,000	46,000	0	46,000	46,000
94	Soils and Geotech		0	0	0		0
95	Property Management Consultant		0	0			0
96	Furnishings		25,000	25,000		25,000	25,000
97	Soft Cost Contingency		175,000	175,000	0	175,000	175,000
98	Total Other Costs		1,968,227	1,968,227	0		1,992,591
99	Total Project Cost		23,116,435	23,116,435	0	21,250,793	22,919,337
100	DEVELOPER COSTS			0			
101	Developer Overhead/Profit		3,187,619	3,187,619	0	3,187,619	600,000
102	Development Consultant		0	0	0	0	0
103	Project Administration			0			
104	Broker Fees paid by owner			0			
105	Construction Management Oversight			0			
106	Other			0			
107	Total Developer Costs		3,187,619	3,187,619	0	3,187,619	600,000
108				0			
109	TOTAL PROJECT COST		26,304,054	26,304,054	0	24,438,412	23,519,337
110	<i>Syndication Costs</i>			0			
111	Legal - Syndication		40,000	40,000			40,000
112	Audit		20,000	20,000			20,000
113	Consultant - Syndication		50,000	50,000			50,000
114	Bridge Loan Interest		11,000	11,000			11,000
115	Total Syndication Costs		121,000	121,000	0		121,000
116	TOTAL PROJECT COSTS INCL. SYNDICATION		26,425,054	26,425,054	0	24,438,412	23,640,337
117							
118	Costs of Bond Issuance						
119		bond amt	15,665,044				
120	Bond counsel		50,000				
121	bank counsel		60,000				
122	Issuer Fee		29,372				
123	Issuer App/Legal		10,000				
124	Issuer monitor during const		9,138				
125	CDLAC fee		5,483				
126	CDIAC fee		2,350				
127	atty		10,000				
128	financial consultant		0				
129	Title		20,000				
130	Const loan fee @ .75%		117,488				
131	Perm loan fee		74,660				
132	const lender costs		15,000				
133	TOTAL		403,490				

	A	B	C	D	E
135	CREDIT CALCULATIONS				
136					
137					
138	Basis for 4% low income credit		24,438,412		
139	Less Non-eligible Federal Grant		0		
140	% OF UNITS LOW INCOME			100%	
141	Eligible Basis		24,438,412		
142	REDUCE FOR TIEBREAKER		24,438,412	0	
143	Boost for DDA/QCT		31,769,935	130%	Is a QCT in 2017
144					
145	Federal Credit - can't exceed \$2,500,000		1,029,346	3.24%	April, 2017
146	State Credit		0		
147					
148	Equity from Federal Credit		9,778,786	0.950000	0.000000
149	Equity from State Credit		0	0.00	
150	TOTAL EQUITY TO PROJECT		9,778,786		
151			9,778,786		
152				0.93824962	net cents/dollar
153	Basis limit calc	Contra Costa County		2017	
154					
155		12 1BR	263,954	3,167,448	
156		17 2BR	318,400	5,412,800	
157		13 3 BR	407,552	5,298,176	
158		42		13,878,424	
159	Plus prevailing wages	20% yes		2,775,685	
160	Plus Impact Fees			1,147,243	
161	Plus Energy	0% PV		0	
162	Plus Elevator	10% no		0	
163	Plus garage	7% no		0	
164	Plus Remediation			0	
165	Plus Affordability	98% 36%-50%		13,547,985	
166		0% 35% below		0	
167	Total Maximum Basis			31,349,337	
168	Compare to project basis		24,438,412		
169	LOWER OF THE TWO			24,438,412	

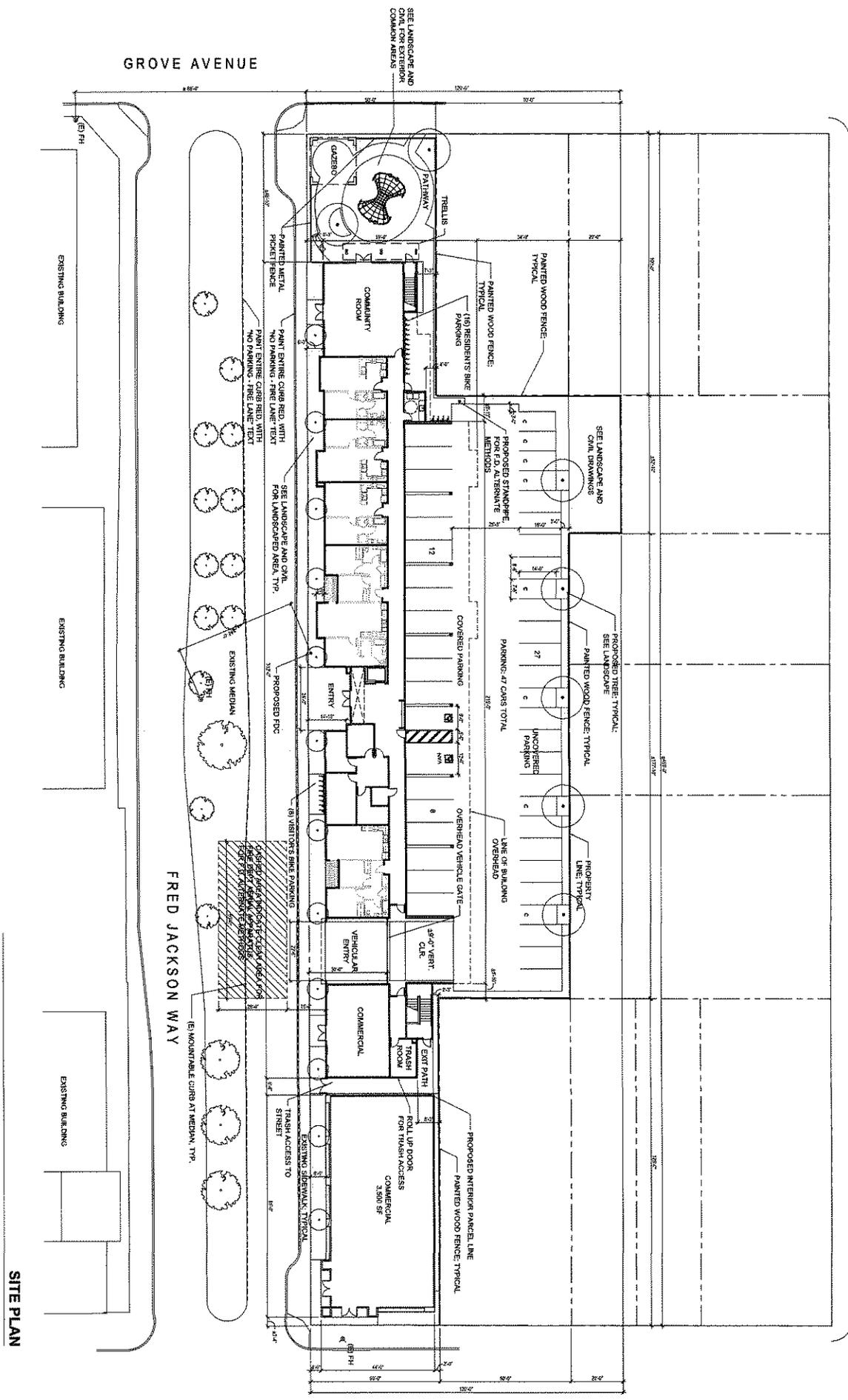
	J	K	L	M	N	O
2	Contra Costa County (Richmond)					
3	CASH FLOW ANALYSIS					
4						
5			Monthly Rent			2016
6			Charged	Utility	Total Monthly	TCAC Gross
7	Unit Size	# of Units	Tenant	Allowance	Tenant Rent	Rents
8	1 BR 30% AMI	5	502	46	2,510	548
9	1 BR 35% AMI	0	594	46	0	640
10	1 BR 45% AMI	1	776	46	776	822
11	1 BR 50% AMI	6	868	46	5,208	914
12	1 BR 60% AMI	0	1,051	46	0	1,097
13	2 BR 30% AMI	0	606	52	0	658
14	2 BR 35% AMI	0	716	52	0	768
15	2 BR 45% AMI	0	935	52	0	987
16	2 BR 50% AMI	16	1,045	52	16,720	1,097
17	2 BR 60% AMI	0	1,265	52	0	1,317
18	3 BR 30% AMI	0	688	72	0	760
19	3 BR 35% AMI	0	815	72	0	887
20	3 BR 45% AMI	0	1,068	72	0	1,140
21	3 BR 50% AMI	13	1,195	72	15,535	1,267
22	3 BR 60% AMI	0	1,449	72	0	1,521
23	Manager - 2BR	1			0	
24	Total Units	42				
25			Annual income tenant rent		488,988	
26						
27	Laundry		19		9,600	
28	vacancy	5%			-24,929	
29	EGI				473,659	
30						
31	Section 8/RAD incremental income		Section 8/RAD	Incremental	Monthly	
32			Contract Rent	Rent	Incr Rent	
33	1 BR 30% AMI - RAD	5	886	338	1,690	
34	1 BR 35% AMI	0			0	
35	1 BR 45% AMI - RAD	1	886	64	64	
36	1 BR 50% AMI	6	1,560	646	3,876	
37	2 BR 30% AMI	0			0	
38	2 BR 35% AMI	0			0	
39	2 BR 45% AMI	0			0	
40	2 BR 50% AMI	16	1,856	759	12,144	
41	3 BR 30% AMI	0			0	
42	3 BR 35% AMI	0			0	
43	3 BR 45% AMI	0			0	
44	3 BR 50% AMI	13	2,569	1,302	16,926	
45						
46	Total Section 8 Income	41			416,400	
47	Vacancy	5%			-20,820	
48	EGI Section 8 Income				395,580	
49						
50	Operating expenses	7,247 per unit per year			304,374	7,554
51	Services	307 per unit per year			12,587	324,068
52					0	
53	Issuer Fee				4,000	
54	NET OPERATING INCOME				548,278	
55						
56	Less Debt Service - Tranche A				118,153	
57	Less Debt Service - Tranche B				343,936	
58	Less AHSC Payment				0	
59	Less MHP Payment				0	
60	Operating Reserve				0	
61	Replacement Reserve	400 per unit per year			16,800	
62	Excess Cash	7,954			69,389	
63	DSCR				1.15	
64	Supportable Mortgage - tenant rents & increment		1,909,000			
65		40	5.50%	1.15		
66						
67	Supportable Mortgage - Section 8 Increment		5,557,000			
68		40	5.50%	1.15		

EXHIBIT C

SCOPE OF DEVELOPMENT

GROVE AVENUE

CHESLEY AVENUE



SITE PLAN

NOT FOR CONSTRUCTION

HERITAGE POINT RICHMOND, CALIFORNIA

PRELIMINARY AND FINAL DEVELOPMENT PLAN



EXHIBIT D

DEVELOPMENT SCHEDULE

Heritage Point Funding Schedule:

Dated: 4/19/17

Below is a timeline of actions and activities needed to close Heritage and meet BOND, RAD and CCC timelines.

Activity Date	Start / End Dates	Approvals Needed / Date	Documents Returned to CHDC/CCC	Comments
1. Property Valuation	3/25/17 - 4/13/17	None	April 13, 2017	\$530,655 Valuation; completed
2. DDA Final Comments	2/25/17 - 4-11-17	Awaiting County Counsel 4/19/17	None	Awaiting Final Comments- from CCC
3. Housing Authority RAD Neighborhood Site Review	4/12/17 - 7/12/17	Yes, HUD - Submitted	7/12/17	This is Step 1 to gaining RAD approval. The CCCHA has submitted this request; and while we are allotting for 90 days, we anticipate it will occur sooner.
3a. Housing Authority Required Financing Plan	5/19/17 - 6/15/17	Yes, CCCHA will begin process with TCAC email;	6/15/17 - CCC - MT sends plan back to CHDC 5/15/17	a) CCCHA will send confirmation of receipt of approved financing Plan b) County approved Plan by Application submittal Bonds/TCAC.
3b. Receipt of RAD Commitment	6/15/17 - 8/15/17	Yes, HUD	8/15/17	a) Aggressive timing on turnaround; but anticipating 60 days from step 3a.
3c. Submit Complete Closing Package	6/15/17 - 9/1/17	Yes, Attorneys, CCCHA, CCC, HUD, Lenders	8/15/17	a) Aggressive 2 week turnaround; will keep entire team on ready, and updated along the way. Lots of Paper work to be submitted.
3d. All RAD documents Approved and ready for HUD signature	6/15/17 - 10/15/17	Yes, All Team Review, Final Documents	11/16/17 - Closing	a) Delays could jeopardize 2017 closing due to December Holidays. b) Key to keep team members working on each individual's part.
4. CCC CDBG \$1.7 Full Financing Plan	2/14/17 - 12/15/17	Yes, approved by BOS 2/14/17	Allocation inserted in DDA for: 1) Acquisition and 2) Permits and Fees	a) Critical Path item that requires expediting DDA but doesn't need to be paid out until 12/15/17 by CHDC
5. BOND APPLICATION	4/19/17 - 5/19/17	Yes, need confirmation of Financing Plan from CCC	5/10/17 to CCC for Review and handling. 5/15/17 Collection of all Documents by CHDC 5/15/19 to Final @ CHDC	a) Critical Path item as it has a 90-180 day closing schedule. b) Application should be submitted due to State allowing NPs to cancel with no risk to deposits if by 8/15/17 (see attached)
6. TCAC APPLICATION	4/19/17 - 5/19/17	Yes, need confirmation of Financing Plan from CCC		
7. OTHER ACTIVITIES:		Commitment Letter		a) Need Lender document to be submitted with final RAD documents such as Use Agreements,

Chase Commitment Chase Underwriting Urban Greening App	3/4/17 - 4/6/17 5/15/17 - 7/15/17 4/19/17 - 5-1-17	Updated: received 4/6/17 Yes, Bank documents Yes, Application accepted	8/15/17 (final RAD closing Documents) 9/30/17	New Construction Agreement, AHAP, HAP.
8. CCC LDA	6/1/17 - 7/15/17	Yes, BOS	8/20/17	a. Needs to be completed by RAD document final submittal on 9/1/17.
9. Building Permits Ready for Pick-up	12/20/17 - 5/30/17	Yes, Public Works	9/30/17	a. All other departments have approved except Public Works, awaiting their comments if any. Can be considered an immediate expenditure

Notes:

1. CHDC is still tracking an application submittal for May 19, 2017; however, we need to hear back from CCC on 33433 Report and comments on DDA to make BOS agenda deadline.
2. Key: CCCHA = Contra Costa County Housing Authority
CCC = Contra Costa County Housing & Successor Agency
NP's = Nonprofits for definition my State for Bond cancellation; with no loss of deposit.
3. All HUD/RAD requirement documents are being distributed on 5/19/17 to respective stakeholders.