



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO HOUSING AUTHORITY  
City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
www.CityofSacramento.org**

Continued to 3-17-09  
Continued to 3-31-09

**Public Hearing  
March 10, 2009**

**Honorable Chair and Members of the Housing Authority Board**

**Title: Greenfair Common Area Resolution of Necessity**

**Location/Council District:** Greenfair Subdivision at Broadway and Fairgrounds Drive /  
Council District 5

**Recommendation:** Conduct a public hearing and upon conclusion adopt a **Housing Authority Resolution of Necessity** pursuant to the California Code of Civil Procedure § 1245.230 to authorize the Executive Director or her designee to commence an action in eminent domain to acquire approximately 8.8 acres of Greenfair Homeowners Association common area land that surrounds or abuts 158 vacant parcels owned by the Housing Authority of the City of Sacramento. To adopt the resolution, approval by at least two-thirds of City Council members, acting as the Housing Authority board, is necessary.

**Contact:** Lisa Bates, Deputy Executive Director, 440-1316, Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

**Presenter:** Gregory Ptucha, Management Analyst, Housing and Community Development

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The Housing Authority of the City of Sacramento ("Housing Authority") owns 158 parcels at the "Greenfair" subdivision at Broadway and Fairgrounds Drive (see Attachment 1). Greenfair is a 31-acre common interest development created in 1972 by the federal Department of Housing and Urban Development ("HUD") to test experimental materials and methods of residential construction. Beginning in the mid-1990's, HUD re-acquired 152 parcels containing 164 deteriorated housing units. In 2004, HUD sold its parcels, totaling approximately eight acres, to the Housing Authority for one dollar. Six additional substandard units were subsequently acquired, and the Sacramento Housing and



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Redevelopment Agency ("Agency") and Housing Authority established an objective of producing between 200 and 400 new units to replace the substandard units acquired by HUD (the "Project") as a result of three public "Community Visioning" workshops conducted in 2004 and 2005.

Surrounding the Housing Authority parcels is "common area" property owned by the Greenfair Homeowners Association ("HOA") comprised of green space and parking lots that primarily benefited the now-demolished residential structures. The Greenfair development's Covenants, Conditions, and Restrictions (the "CC&Rs") restrict new construction to the same number of units—and on the same footprint—as constructed in 1972. Achieving the Project objective of 200 to 400 new units would require acquisition of some HOA common area and re-platting of the Housing Authority parcels to accommodate additional units. The CC&Rs would need to be revised accordingly.

The Agency coordinated pre-development planning, leading to an exclusive right-to-negotiate agreement and one and one-half years of private development team due diligence and site planning. In 2007, the development team was unable to reach agreement with controlling HOA members on purchase of common area needed to allow the Housing Authority parcels to be reconstituted into a site suitable for the Project. The development team could not justify additional investment without knowing the size, configuration and cost of the development site and stopped further activity.

The Agency then decided to evaluate how to create a feasible development site for the Project while avoiding functional injury to the HOA. Approximately 8.8 acres of common area was identified and surveyed (the "Acquisition Property"). Attachment 2 indicates the Acquisition Property and remainder area. Background on the Housing Authority's purchase and pre-development activities is summarized in Attachment 3.

To determine just compensation, a valuation appraisal was performed by Smith and Associates. The CC&Rs assign 46.78% of this value to the Housing Authority itself by virtue of the Housing Authority's ownership interest in its 158 parcels. The CC&Rs are reproduced in Attachment 4.

In mid-2008, the City of Sacramento (the "City") allocated funds to purchase the Acquisition Property and related property interests to maximize planning flexibility and eliminate restrictions on redevelopment of the Housing Authority parcels. Existing private underground HOA facilities would continue to serve HOA members and maintenance easements would be reserved for this purpose.

On May 29, 2008, the Housing Authority made a written purchase offer to the Greenfair HOA. A copy of this offer letter, with a summary of the appraisal, is Attachment 5. Subsequent offer-period correspondence between the Housing Authority and the HOA is reproduced in Attachments 6, 7 and 8. Before recusing themselves from further board discussion about the offer, Agency personnel who

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## Greenfair Common Area Resolution of Necessity

serve on the HOA Board asked other directors to present the offer to the HOA membership for consideration and a vote. The Agency left the offer open for 180 days to accommodate this process.

The non-Agency HOA directors did not convene a meeting of HOA members to vote on the offer, and they did not have the Acquisition Property professionally appraised. On November 24, 2008, at expiration of the response period, the HOA's attorney communicated rejection of the Agency's offer (Attachment 9). The HOA's rejection of the offer results in impasse and forecloses the possibility of mutual agreement on terms and conditions of a voluntary transaction.

**Policy Considerations:** The proposed Resolution of Necessity would constitute a determination by the City Housing Authority's Board of Directors that exercising the Housing Authority's power of eminent domain is necessary at this time for development of the Greenfair site to achieve the Project objective of 200 to 400 new units. This density range would be in accordance with Sacramento's new 2030 General Plan. Staff believes that further delay in planning and implementing the Project would not serve the public interest and, therefore, recommend adoption of the proposed resolution.

The Greenfair HOA is owner of the Acquisition Property and beneficiary and enforcement agent for the CC&Rs. As required by section 1245.235 of the Code of Civil Procedure of the State of California, written notice of the hearing planned for March 10, 2009, by the Housing Authority governing board, has been given to the Greenfair HOA. In addition, written notice of the hearing has been given to each member of the Greenfair HOA. This notice (Attachment 10) explained that a reasonable opportunity would be given to appear and be heard on the following matters:

- (a) Whether the public interest and necessity require the Project;
- (b) Whether the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c) Whether the property sought to be acquired is necessary for the Project; and
- (d) Whether the offer required by section 7267.2 of the Government Code has been made to the owner of record.

The boundaries of the Acquisition Property will minimize the degree to which severance from the remaining HOA common area will affect the existing Greenfair development. The offer was made to the owner-of-record to acquire the Acquisition Property for just compensation, and the offer has been rejected. While the Housing Authority is committed to making every reasonable effort to negotiate mutually agreeable terms and conditions of a voluntary sale, rejection of the offer by the HOA forces the Housing Authority to make other efforts to gain control of the Acquisition Property in order to avoid further Project delays.

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**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Acquisition of the property is necessary for the Housing Authority to proceed with the Project, but does not commit the Housing Authority to any specific development program beyond the parameters discussed in the Sacramento 2030 General Plan. The City of Sacramento has certified a Final Environmental Impact Report (EIR) for the Sacramento 2030 General Plan. The Agency caused preparation of an Initial Study for the Project's proposed scope of development, and the study is currently on file with the Agency Clerk. The Initial Study shows that the Project will not have any environmental impacts that were not already studied in the Final EIR for the Sacramento 2030 General Plan.

**Sustainability Considerations:** The Project objectives are for development of 200 to 400 new housing units on the Housing Authority parcels and the Acquisition Property. If achieved, this would more than replace the total number of original 170 Greenfair units that were demolished, and also comply with 2030 General Plan density requirements. A completed project would achieve the following goals within the City's Sustainability Master Plan:

- Replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc.) (*Plan Goal # 1*);
- Reduce long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy city (*Plan Goal # 6*).

**Other:** The National Environmental Policy Act (NEPA) does not apply.

**Committee/Commission Action:** At its meeting of February 18, 2009, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The vote was as follows:

AYES: Burruss, Chan, Dean, Fowler, Gore, Otto, Shah, Stivers

NOES: None

ABSTAIN: Morgan

ABSENT: None

**Rationale for Recommendation:** The Acquisition Property isolates the Housing Authority's parcels, and the CC&Rs restrict building on the Housing Authority's parcels to the number and types of structures that HUD originally constructed. The Housing Authority's parcels range in size and vary in geometry. As a group, the disparate parcels are not adaptable for contemporary urban infill

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development. Numerous custom designs would be required and significantly increase costs over a more standardized development program that could result from re-platting. If limited to the 170 original units, the Project would not comply with the Sacramento 2030 General Plan density requirements. During the 180-day offer period, the HOA did not commission its own appraisal and did not convene a meeting of its members to consider the offer.

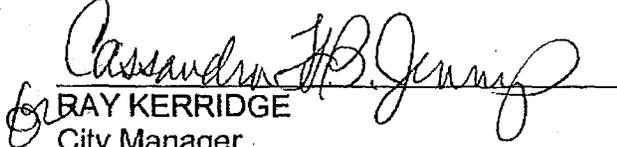
**Financial Considerations:** Since 2004, the Agency and Authority have expended almost \$3 million in City Housing Trust Fund and HOME funds for Greenfair expenses, including approximately \$14,500 in monthly HOA fees (\$788,000 to-date). The direct benefit is limited to grass-cutting, tree-trimming and irrigation. The HOA fees are structured as though its parcels were fully-improved and occupied. The more time that elapses before assembly of an appropriate development site and transfer to a private developer means that total public funds invested during the holding period will continue to grow.

**M/WBE Considerations:** The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:

  
LA SHELLE DOZIER  
Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

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# Greenfair Parcel Layout



Site Location

2nd Avenue



FAIRGROUNDS DRIVE

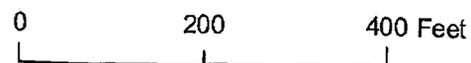
FAIRGROUNDS DRIVE

BROADWAY

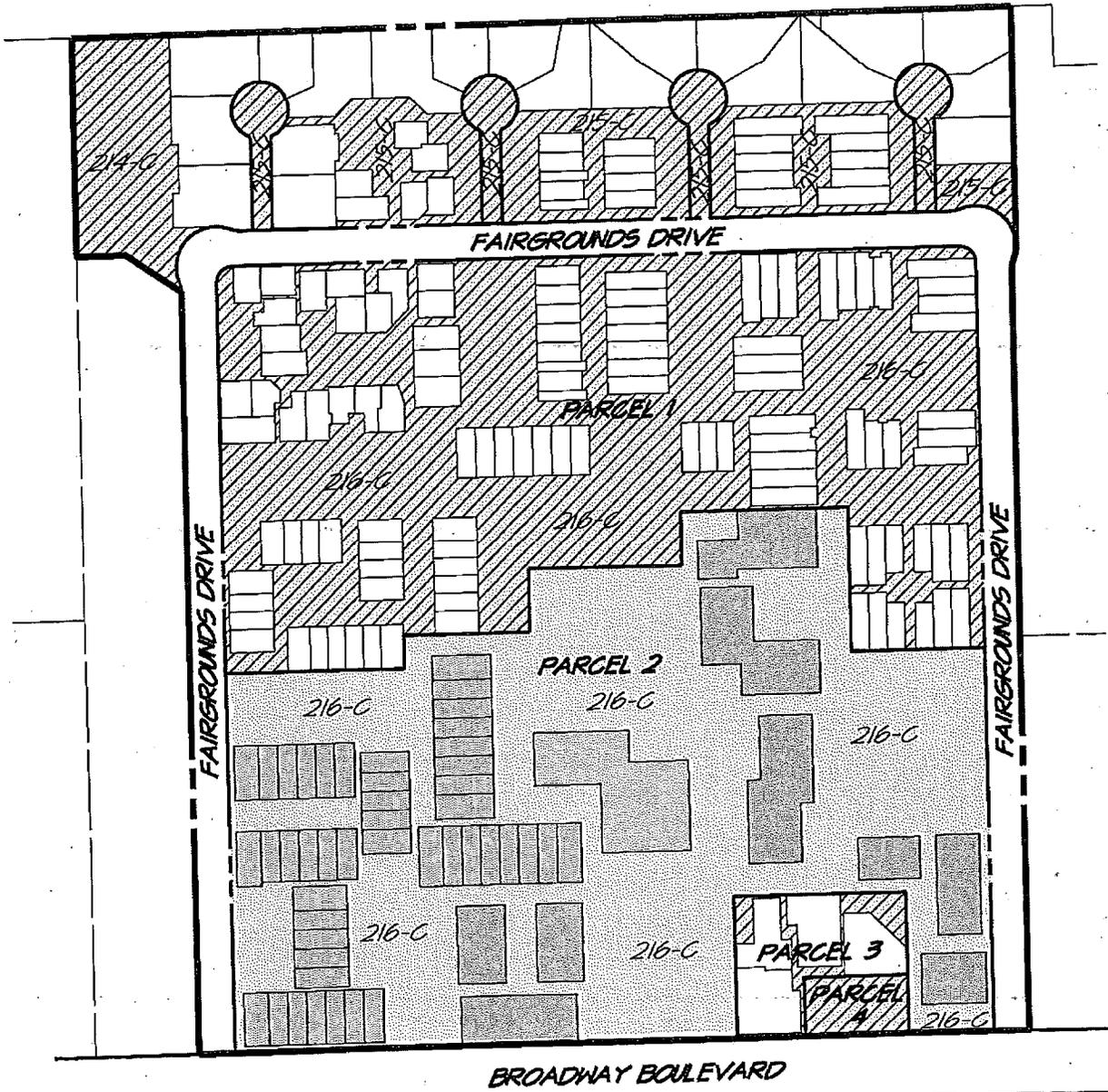
53RD

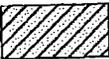
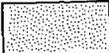
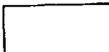
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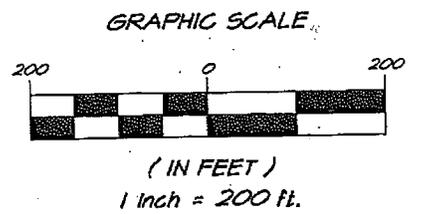
- SHRA Parcels
- Christiana Western Townhomes
- Senior Apartments
- HOA Owned Land
- Clubhouse and Pool (HOA)



Greenfair Project: Acquisition and Remainder Property



- |   |  |   |                                 |
|---|--|---|---------------------------------|
|  | HOA OWNED LAND<br>(ACQUISITION PROPERTY) |  | CHRISTIANA WESTERN<br>TOWNHOMES |
|  | HOA OWNED LAND<br>(REMAINDER PROPERTY)   |  | CLUBHOUSE AND POOL<br>(HOA)     |
|  | SHRA PARCELS                             |  | SENIOR APARTMENTS               |



## Background

### **Operation Breakthrough and Greenfair (1969 – mid 1970s)**

In 1969, the U.S. Department of Housing and Urban Development ("HUD") implemented "Operation Breakthrough" to stimulate volume production of quality housing for all income levels. Operation Breakthrough tested new, experimental materials and methods to manufacture housing. To facilitate Operation Breakthrough, thirty acres of former State Fairgrounds property on Broadway were zoned "XH" in 1972 to permit construction of "Experimental Residential Housing." The experimental subdivision was known as Greenfair Unit No. 1 ("Greenfair"). At Greenfair, seven housing manufacturers constructed a total of 407 ownership and rental housing units of various kinds, including single-family houses, attached town homes, "4-plex" buildings and low-rise and mid-rise apartment buildings.

### **Re-acquisition by HUD and Agency Purchases (mid 1990s – 2005)**

Some of the experimental housing (the single-family homes, four 4-plex buildings and most of the attached town homes) deteriorated prematurely and became structurally deficient. HUD reacquired 152 of the parcels that contained 164 housing units, demolished almost all of the improvements and, in September 2004, sold its holdings to the Housing Authority of the City of Sacramento ("Housing Authority") for one dollar. HUD's offer included the following understandings:

- o Ensure that at least 20% of the Project would be affordable to low-income households; and
- o Construct at least the same number of units as HUD acquired.

Housing Authority and Redevelopment Agency of the City of Sacramento ("Agency") staff members recommended acquisition from HUD based on a belief that the Greenfair HOA would cooperate with assembly of site suitable for new infill development.

The Housing Authority subsequently purchased six additional "hold-out" Greenfair properties that refused to sell to HUD. Its holdings now total 158 parcels previously improved with 170 housing units. The Housing Authority also has a non-exclusive, undivided interest in the common area owned by the Greenfair HOA, of which the Housing Authority is a member due to its ownership of the 158 parcels. Use of land within Greenfair is governed by Covenants, Conditions, and Restrictions ("CC&Rs") applicable to all lots and to the common area within the development.

### **Preliminary Planning and Developer Selection (2004 -2005)**

On behalf of the Housing Authority, the Agency initiated a "Community Visioning" planning process intended to lead to site disposition to a private developer. Community Visioning included three workshops that gathered input on site layout, density, unit configuration, traffic patterns and common areas that would inform a Request for Qualifications ("RFQ") issued in 2005 to the development community as well as provide a framework for ongoing public participation regarding development proposals. Greenfair HOA members and other stakeholders participated in Community Visioning for re-use of portions of common area as low-, medium- or high-density housing,

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resulting in four schematic layout and density options. As a result of Community Visioning, the Agency's RFQ sought qualified development teams capable of building 200 to 400 new housing units on a site that would include Housing Authority holdings combined with as much surplus HOA common area as needed to create a viable development site (the "Project"). The RFQ process led to selection of a team of residential developers that entered into an Exclusive Right to Negotiate agreement in January 2006. The local team was comprised of Fulcrum Heller, New Faze Development, and USA Properties Fund. The joint venture was organized as Greenfair Village Partners, LLC ("GVP").

### **Development Team Due Diligence (2006 – 2007)**

From early 2006 to mid-2007, the GVP development team initiated preliminary site planning and design, community outreach, civil engineering, and entitlements research. GVP created a web site for the Project and explored purchasing certain HOA common area with key HOA members. The parties eventually abandoned discussions when efforts to achieve mutual agreement seemed futile. By summer 2007, GVP informed the Agency that pre-development planning could not proceed unless and until GVP was confident of the size, configuration, control, and cost of the site on which they could plan their project.

### **The Rebuilding Challenge**

The Agency's 158 parcels are irregular in shape and are distributed so that almost all are landlocked by HOA common area that once served as green space, pedestrian and vehicular access, and parking for the now-vacant parcels. The Agency parcels range in size from 746 to 2,205 square feet. HUD originally platted them for construction by private manufacturers that used experimental, "space-age" materials and methods. The buildings differed in style and size; some were single-family houses, others were attached town homes, and others were multifamily rental apartments. A small number of the units (single-family homes) had private garages; the other units used common parking lots.

The Greenfair CC&Rs permit the Housing Authority to improve and to use its parcels only in the manner that the parcels were originally improved, limiting the Housing Authority to no more than 170 units on its parcels, the same number as originally existed there. In adopting its new 2030 General Plan, the City of Sacramento has determined that redevelopment of this site with housing constructed at a density of 18 to 36 dwelling units per net acre will best serve the public interest. If net acreage were approximately 70% of the approximate 17 gross acres that would result from the Acquisition Property being combined with the Housing Authority's holdings, the City would require from 214 to 428 units to be constructed.

The Housing Authority cannot achieve the objectives of the Project, nor achieve the minimum densities required by the Sacramento 2030 General Plan without acquiring additional land surrounding the Housing Authority's parcels and without extinguishing the limitations the CC&Rs presently impose on use of the Housing Authority's parcels.

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**Acquisition Property Boundaries, Appraisal and Purchase Authority  
(2007 - 2008)**

Once the developer halted its activities due to the uncertainty of site control, the Agency re-assumed the lead role in pre-development activities. In addition to demolition of the remaining Agency-owned units, a civil engineering firm was retained to study and recommend acquisition boundaries of HOA common area necessary to create a developable site without injury to the HOA. Acquisition boundaries were defined to minimize negative impacts of severance on operation or function of existing, occupied properties in the HOA (Attachment 4, "Greenfair Acquisition and Remainder Property"). Existing residential units at Greenfair include a total of 237 units comprised of 192 senior apartments in one mid-rise and eight low-rise buildings as well as the 45-unit Christiana Western ownership attached town-house development.

Above-ground improvements on the 8.8-acre Acquisition Property are limited to carports in common parking lots—most of which were to benefit now-demolished housing units and are not currently utilized. Certain HOA-owned sewer and domestic water infrastructure lies beneath the Acquisition Property. These facilities would continue to serve HOA members who live in the remaining Greenfair development, and maintenance easements would be reserved to the HOA for this purpose. If relocation or reconfiguration of these facilities proved necessary for redevelopment of the Housing Authority parcels, this work would occur at no cost to the HOA.

A licensed, certified general real estate appraisal firm was engaged to complete a fair market appraisal of the Acquisition Property. The appraisal was completed over several months.

Purchase authority was approved in May, and up to \$3,000,000 from the City Housing Trust Fund was allocated to acquire the property and pay for related expenses that would include legal services, civil engineering and other consulting services, transaction costs, escrow fees and post-acquisition management and predevelopment activities.

**Purchase Offer (2008)**

The Greenfair HOA appears on the last equalized assessment roll as the owner of the Acquisition Property. The Greenfair HOA is also the beneficiary and the enforcement agent for the CC&Rs. The Project cannot proceed without Housing Authority control of the Acquisition Property, nor without termination of the CC&Rs' restrictions on the Acquisition Property and the Housing Authority parcels. In late May 2008, an offer was formally submitted to the HOA through its board of directors (Attachment 5). The Housing Authority has offered to pay fair market value for the Acquisition Property, as determined by an independent appraiser. As required by law, the Housing Authority has also offered to reimburse the HOA for reasonable costs incurred, to a maximum of \$5,000, for the HOA to commission a valuation appraisal by an independent appraiser of the HOA's choice. With extensions, the Housing Authority gave the HOA a total of 180 days to determine its response to the Housing Authority's offer (Attachments 6, 7 and 8). The offer to purchase was contingent upon release of the acquired HOA property and current Agency parcels from the HOA, its CC&Rs and termination of HOA fees.

Greenfair Common Area Resolution of Necessity

**Public Financial Resources**

Since the Housing Authority acquired its parcels from the United States Department of Housing and Urban Development in 2004, the Agency and Authority have expended almost \$3 million in City Housing Trust Fund and HOME funds for Greenfair expenses that include real estate acquisitions, relocation benefits, environmental assessment and abatement, demolitions, legal services, civil engineering services, consulting fees, maintenance/repair costs, and HOA fees. In addition, although the HOA's Board of Directors has attempted diligently to control HOA fees, the Housing Authority's 158 vacant parcels incur approximately \$14,500 in HOA fees each month (\$788,000 to date since acquisition of the parcels) The annual amount (approximately \$174,000) of public funds spent on HOA fees comprises about 47% of the total HOA budget. The fees represent a financial burden that provides almost no direct benefit to the Agency.

**Rejection, Impasse and Resolution of Necessity**

After delivery of the offer, Agency staff that serve as Greenfair HOA directors excused themselves from consideration of the offer. The HOA directors were requested to convene a meeting of members to vote on the offer, but the directors chose not to do so within the 180-day offer period. The HOA also elected to not commission its own appraisal of the Acquisition Property.

In late November 2008, the directors notified the Agency of rejection of the offer (Attachment 9). The reasons specified by the HOA for its rejection were the condition of the real estate market and the perceived impact of the transaction on the HOA's financial health.

Since the Housing Authority and the Greenfair HOA are now at impasse, exercise of the Housing Authority's power of eminent domain is the only means presently available to the Housing Authority to acquire the property interests necessary for the Project. The proposed Resolution of Necessity would constitute a determination by the Housing Authority's governing board that exercise of the Housing Authority's power of eminent domain is necessary at this time to achieve the objectives of the Project and to redevelop the Housing Authority's Greenfair holdings in accordance with the Sacramento 2030 General Plan.

If the Housing Authority's governing board declines to adopt the proposed Resolution of Necessity, the Housing Authority will be unable to proceed with the Project unless the Greenfair HOA changes its mind about whether or not to sell the required property interests to the Housing Authority. Because the Greenfair HOA has indicated its unwillingness at this time to cooperate in the site's redevelopment unless the Project follows the existing plan and CC&Rs, and because Housing Authority staff members believe that further delay in planning and carrying out the redevelopment would not serve the public interest, staff members recommend adoption of the proposed resolution.

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## Greenfair Common Area Resolution of Necessity

It is in the public interest to expedite assembly of necessary land so that the Agency can complete pre-development planning and negotiate a Disposition and Development Agreement ("DDA") with a private developer. The Agency hopes that the economics of the Project will allow a developer to pay fair value for the site, and that the proceeds will be sufficient to replenish funds expended by the Housing Authority at Greenfair. The more time that elapses before such a transfer means that total public funds invested during the holding period will continue to grow. Funds sufficient to complete purchase of the Acquisition Property, based on the valuation appraisal amount, were allocated in May 2008. If the Housing Authority adopts the proposed resolution, the Agency will proceed promptly with these steps in order to commence redevelopment of the site as soon as possible. All of the above reasons underlie the staff recommendation to adopt the proposed resolution.

When Recorded Mail:

Angius & Terry LLP  
1451 River Park Drive, Suite 285  
Sacramento, CA 95815  
Tel: 916/567-1400  
Fax: 916/567-1401



Sacramento County Recording  
Mark Norris, Clerk/Recorder  
BOOK **20010926** PAGE **0558**  
Wednesday, SEP 28, 2001 10:44:21 AM  
Ttl Pd \$120.00 Nbr-000000038  
BKC/08/1-38

SECOND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS  
FOR  
GREENFAIR HOMEOWNERS ASSOCIATION

**This Document has been amended pursuant to California Civil Code Section 1352.5 with the Board of Directors' approval and without the Association Members' approval.**

Cover.wpd

Greenfair Common Area Resolution of Necessity

Recording Requested By, And  
When Recorded, Mail To:

4/86

GREENFAIR HOMEOWNERS ASSOCIATION  
5501 Broadway  
Sacramento, CA 95820

RESTATED DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF GREENFAIR  
A PLANNED UNIT DEVELOPMENT  
SACRAMENTO COUNTY, CALIFORNIA

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**RESTATED DECLARATION OF COVENANTS, CONDITIONS,  
AND RESTRICTIONS OF GREENFAIR**

RECITALS

This Restated Declaration, made on the date hereinafter set forth by the Lot Owners whose signatures are affixed hereto, is made with reference to the following facts:

A. On May 9, 1972, CAMPBELL CONSTRUCTION CO. OF SACRAMENTO, a California corporation and the NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS, a District of Columbia corporation, being all of the joint venturers in SACRAMENTO BREAKTHROUGH HOUSING VENTURE, a joint venture, herein referred to as "Declarant", recorded in the Office of the Recorder of Sacramento County in Book 72-05-09 of Official Records a Declaration of Covenants, Conditions and Restrictions (hereinafter the "Declaration"), which Covenants, Conditions and Restrictions affected the following described real property in the City of Sacramento, County of Sacramento, State of California:

The subdivision entitled "Greenfair Unit No. 1," as shown on the official map of said Greenfair Unit No. 1 recorded in the Office of the County Recorder of Sacramento County in Book 89 of Maps, Map No. 20, on April 21, 1972.

B. On May 31, 1972, Declarant recorded in the Office of the Recorder of Sacramento County in Book 72-05-31 of the Official Records an Amended Declaration of Covenants, Conditions and Restrictions which Amended Declaration of Covenants, Conditions and Restrictions affected the following described real property in the City of Sacramento, County of Sacramento, State of California:

Lots 1 through 135, inclusive, and Lots 137 through 214, inclusive, as shown on the Plat of Greenfair Unit No. 1 recorded in the Office of the County Recorder of Sacramento County in Book 89 of Maps, Map No. 20.

Said Declaration and said Amended Declaration of Covenants, Conditions and Restrictions shall be collectively referred to herein as the "Amended Declaration".

C. Said Amended Declaration provides that said Amended Declaration may be amended by an instrument signed by not less than ninety percent (90%) of the Lot Owners.

WHEREAS, ninety percent (90%) or more of the Owners desire to amend and restate said Amended Declaration in its entirety as hereinafter provided, and said Owners expressly desire and intend that the Declaration referred to in Recital A above and the Amended Declaration referred to in Recital B above shall be replaced in their entirety, and shall hereafter be void and have no further force or effect,

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Greenfair Common Area Resolution of Necessity

NOW THEREFORE, it is hereby declared that the Project (as "Project" is hereinafter defined and used) shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Restated Declaration as to division, easements, rights, Assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the the Project may be put, hereby specifying that such Restated Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute equitable servitudes and covenants to run with the land and shall be binding on and for the benefit of the Association, its successors and assigns, and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees, assigns and lessees, for the benefit of the Project, and shall, further, be imposed upon all of the Project as equitable servitudes in favor of each and every other Lot and Owner thereof as the dominant tenement.

ARTICLE 1

DEFINITIONS

In addition to other definitions provided for herein, the following terms shall have the following meanings.

Section 1. "Articles" shall mean the Articles of Incorporation of Greenfair Homeowners Association as amended from time to time.

Section 2. "Assessments" shall mean the Regular and Special Assessments levied against each Lot and its Owner as provided in Article 6.

Section 3. "Association" shall mean the Greenfair Homeowners Association, a California nonprofit mutual benefit corporation, the Members of which shall be the Owners.

Section 4. "Board" shall mean the Board of Directors of the Greenfair Homeowners Association.

Section 5. "Bylaws" shall mean the Bylaws of Greenfair Homeowners Association as amended from time to time.

Section 6. "Common Area" shall mean the following described real property and all improvements and facilities located thereon:

Lots 136-C, 214-C, 215-C and 216,C, inclusive, as shown on the plat of Greenfair Unit No. 1, recorded in Book 89 of Maps, Map No. 20, in the Office of the Sacramento County Recorder.

The Common Area shall be owned, managed and maintained by the Association for the use and benefit of the Members.

Section 7. "Individual Charges" shall mean those charges levied against an Owner by the Association as provided in Article 6, Section 5.

Section 8. "Lot" shall mean one of the residential lots of the Project designated on the Map as Lots 1 through 135, inclusive, and Lots 137 through 214, inclusive, and each of which is or may be improved with a dwelling structure.

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Section 9. "Map" shall mean that certain subdivision map entitled: "PLAT OF GREENFAIR UNIT NO. 1" filed in the Office of the Sacramento County Recorder on April 21, 1972, in Book 89 of Maps, Map No. 20, incorporated herein by this reference.

Section 10. "Member" shall mean a person entitled to membership in the Association as provided herein. Each Owner or Co-Owner shall be a Member.

Section 11. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. A "First Mortgage" or "First Mortgagee" is one having priority as to all other Mortgages or holders of Mortgages encumbering the same Lot or other portions of the Project. A "First Mortgagee" shall include any holder (including FHLMC and FNMA), insurer (including the FHA), or guarantor (including VA) of a First Mortgage on a Lot or other portion of the Project. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development. "VA" shall mean the Veterans Administration of the United States Department of Housing and Urban Development. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation. "FNMA" shall mean the Federal National Mortgage Association.

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Section 12. "Owner" shall mean each person or entity holding a record fee ownership interest in a Lot, including contract sellers. "Owner" shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 13. "Project" shall mean all of the real property located in Sacramento, Sacramento County, California and more particularly shown and described on the Map. This Project is a "planned development" as defined in California Civil Code Section 1351(k).

Section 14. "Project Documents" shall mean the Articles, Bylaws, Restated Declaration, and Rules and Regulations, all as amended from time to time, of the Association.

Section 15. "Restated Declaration" shall mean this instrument as amended from time to time.

Section 16. "Rules and Regulations" shall mean the rules and regulations promulgated by the Association to govern the possession, use and enjoyment of the Project as amended from time to time.

ARTICLE 2

DESCRIPTION OF PROJECT; MAINTENANCE OBLIGATIONS

Section 1. Project

The Project shall consist of all of the real property shown and described on the Map, and all of the improvements thereon.

The Project consists of the residential lots designated on the Map as Lots 1 through 135, inclusive, and Lots 137 through 214, inclusive. Each Lot is designed to be improved with a dwelling structure, landscaping and other improvements.

Section 3. Common Area

"Common Area" shall mean Lots 136-C, 214-C, 215-C and 216-C, inclusive, as shown on the Map. The Common Area shall be owned by the Association for the use and benefit of the Members.

Section 4. Incidents of Lot Ownership, Inseparability

Every Lot shall have appurtenant to it the following interests:

- (i) a Membership in the Association, and
- (ii) a non-exclusive easement for ingress and egress over the Common Area subject to any exclusive easements as set forth herein or in the deed to any Lot, all easements of record, such covenants, conditions, restrictions and limitations as are contained in the Project Documents and subject to other reasonable regulation by the Association.

Such interests shall be appurtenant to and inseparable from ownership of the Lot. Any attempted sale, conveyance, hypothecation, encumbrance or other transfer of these interests without the Lot shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Lot shall automatically transfer these interests to the same extent.

Section 5. Owner's Obligation to Maintain the Lot

Each Owner shall maintain and repair all portions of his Lot keeping the same in a safe, sanitary and attractive condition. Each Owner shall be responsible for maintenance and repair of his Lot and items serving his Lot in good condition and in accordance with reasonable rules and regulations adopted by the Board of Directors of the Association and shall specifically:

- (1) Paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces and the exterior surfaces of any private patio fences;
- (2) Paint, repair and care for interior walls, floors, ceilings, windows and doors;
- (3) Maintain, repair and replace all appliances, including air conditioning and heating equipment, water heaters and plumbing and lighting fixtures, or other mechanical equipment servicing his dwelling unit;
- (4) Maintain and repair, or cause the maintenance and repair of utility lines and connections (including sewer, electrical, master antenna television system, plumbing and gas) which are located within his Lot and which provide service to his home and garage;

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(5) Clean, repair, and replace all windows and glass, both exterior and interior;

(6) Landscape and maintain any fenced patio areas upon his Lot; and,

(7) Rebuild any improvements upon his Lot if the same should be damaged or destroyed by any casualty.

In the event an Owner fails to maintain, repair or replace his Lot as provided herein in a manner which the Board reasonably deems necessary to preserve the safety, appearance and value of the Project, the Board may notify the Owner of the maintenance required and request that it be done within a reasonable and specified period. In the event that the Owner fails to carry out such maintenance within said period, the Board shall, subject to the notice and hearing requirements of Article 7, Section 2(A) (2), have the right to enter upon the Lot to cause such maintenance to be done and Individually Charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Board shall have the right to immediately enter upon the Lot to abate the emergency and, subject to the notice and hearing requirements of Article 7, Section 2(A) (2), Individually Charge the cost thereof to such Owner.

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Section 6. Encroachment Easements

Each Lot is hereby declared to have an easement over all adjoining lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of an improvement, or any other cause. The Common Area is hereby declared to have an easement over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement, or shifting of an improvement or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event an improvement is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area or by Common Area over Lots shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

Section 7. Party Walls

Each wall which is built as a part of the original construction and placed on the dividing line between the Lots shall constitute a party wall.

The Owner of any Lot which shares a party wall with any other Lot shall own an undivided interest in one-half of the original thickness of the party wall nearest his Lot, regardless of the location of the

actual boundary line between the affected Lots and shall have a perpetual easement of support over the other one-half thickness.

The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners (subject to the Association's duty to maintain and repair certain improvements as set forth in subarticle 5.3.1) who make use of the wall in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Notwithstanding any other provisions of this subarticle, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

The right of any Owner to contribution from any other Owner under this subarticle shall be appurtenant to the land and shall pass such Owner's successors in title.

In the event of any dispute arising concerning a party wall the dispute shall be submitted to the Board for arbitration.

To the extent not inconsistent with the Project Documents, the general rules of law regarding party walls shall apply thereto.

Section 8. Delegation of Use; Voting Rights, Notice

Any Owner may delegate his rights of use and enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to all restrictions, rules and regulations in the Project Documents regarding such use and enjoyment. However, if an Owner of a Lot has sold his Lot to a contract purchaser, or leased or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Lot is occupied by such contract purchaser, lessee or tenant. Instead, the contract purchaser, lessee or tenant, while occupying such Lot, shall be entitled to use and enjoy the Project and may delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of his occupancy.

Section 9. Responsibility for Common Area Damage

The cost and expense of repair or replacement of any portion of the Common Area resulting from the willful or negligent act of an Owner, his lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the responsibility of such Owner to the extent that it is not covered by insurance maintained by the Association. The Association shall cause such repairs and replacements to be made and, subject to the notice and hearing requirements of Article 7, Section 2(A) (2), Individually Charge the cost thereof to such Owner.

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Section 10. Rights and Duties Regarding Utilities

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections are located or installed within the Project, the Owner of each Lot served by said connections shall be entitled to the use and enjoyment of such portions of said connections as service his Lot. Every Owner shall pay all utility charges which are separately metered or billed to his Lot. Every Owner shall maintain all utility installations located in or upon his Lot except for those installations specifically arranged to be maintained by utility companies, public or private. Utility companies shall have the right, at reasonable times after reasonable notice to enter upon the Lots and Common Area to discharge any duty to maintain Project utilities.

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections, are located within the Project, the Owner of a Lot served by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefore, to at reasonable times after reasonable notice enter upon the Project Lots or Common Area or to have his agents or utility companies enter upon the Project Lots or Common Area to maintain said connections as and when necessary.

In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then the matter shall be submitted to the Board for arbitration.

Section 11. Association's Duties Regarding Utilities

The Association shall maintain all utility installations, if any, which serve the Common Area except for those installations specifically arranged to be maintained by an Owner or utility companies, public or private.

ARTICLE 3

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Project and each Lot therein shall be subject to the following use restrictions:

Section 1. Use of Individual Lots

No Lot shall be occupied and used except for residential purposes by the Owners, their contract purchasers, lessees, tenants, or guests, and no trade or business shall be conducted therein without the prior written consent of the Board.

Section 2. Nuisances

(a) Subject to the provisions of paragraph (b) below, no noxious, illegal, or offensive activities shall be carried on on any Lot, nor on any other part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to another Owner or which may in any way interfere with the quiet enjoyment of other Owners of their Lots, or the Common Area, or which shall in any way increase the rate of insurance for the Project, or cause any Association insurance policy to be cancelled or cause a refusal to renew the same.

Without limiting any of the foregoing, no Owner shall permit noise, including but not limited to, the barking of dogs, and the excessive playing of music systems, to emanate from Owner's Lot, which would unreasonably disturb other members' quiet enjoyment of their Lots or of the Common Area.

(b) The Board shall have the right to determine whether specific acts or conduct brought to its attention result in an unreasonable interference, annoyance or nuisance to the use and enjoyment of the Project by other Members, or an unreasonable interference with the ability of the Association to control and manage the Project and/or enforce the provisions of the Project Documents.

Section 3. Parking

Unless otherwise permitted by the Board, no motor vehicles nor boats shall be parked or left on any portion of the Project other than within designated Common Area parking places. The Board shall have the exclusive authority to adopt rules and regulations designating and governing the use of Common Area parking spaces. In addition, the Board has the exclusive authority to assign such parking spaces, both open parking spaces and covered "carport" spaces, to individual Lot Owners.

No Owner shall have the right to use any parking space other than that assigned him by the Board.

No truck larger than three-quarter (3/4) ton, nor trailer, nor motor home, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor unlicensed vehicle, nor inoperable vehicle, nor vehicle designed and operated as off the road equipment for racing, dragging and other sporting events, shall be permitted on the Project without the prior written consent of the Board.

Section 4. Signs

No sign of any kind shall be displayed to the public view from any Lot or from the Common Area without the approval of the Board except (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease, rent or exchange displayed from the Lot, and (ii) such other signs or notices as are required by law, as are otherwise necessary to perfect a right provided for in law or as are required to be permitted by Law. Notwithstanding the foregoing, the Board shall have the right to approve in advance the location of any sign upon a Lot.

Section 5. Animals

No animals of any kind shall be raised, bred, or kept on any portion of the Project; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept on a Lot, provided that they are not kept, bred or maintained for any commercial purposes, and provided that they are kept under reasonable control at all times. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept.

Section 6. Garbage and Refuse Disposal

All rubbish, trash, garbage and other waste shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, storage piles or trash piles shall be kept screened and concealed from view of other Lots, and the Common Area, except for the scheduled day for trash collection.

No portion of any Lot shall be used for the storage of building materials or other materials except storage for a limited duration in connection with construction which has received the prior written approval of the Board.

Section 7. Radio and Television Antennas

No owner may construct, use, or operate his own external radio, television or other electronic antenna without the prior written consent of the Board. No Citizens Band or other transmission shall be permitted from the Project without the prior written consent of the Board.

Section 8. Right to Lease

Nothing in this Restated Declaration shall prevent an Owner from leasing or renting his Lot. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents including any rules and regulations adopted from time to time by the Board, and any lease or rental agreement must specify that failure by the lessee or tenant to abide by such provisions shall be a default under the lease or rental agreement. In addition, every lease or rental agreement shall specifically set forth that the failure of the Owner or any lessee or tenant, or sub-lessee or sub-tenant, to abide by the provisions of the Project Documents shall permit the Board, subject to the notice and hearing requirements set forth in Article 7, Section 2 (A) (20), to impose such fines or other disciplinary measures against the Owner and/or the violating party. Every power of enforcement that the Association may, pursuant to the Project Documents, assert against an Owner shall be available against any lessee, sublessee, tenant or sub-tenant. No Lot shall be leased or rented for a period of less than thirty (30) days.

Section 9. Drainage

No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the prior written approval of the Board.

Section 10. Clothes Lines

Exterior clothes lines shall not be erected or maintained, and outside laundering or drying of clothes shall not be permitted without the prior written consent of the Board.

Section 11. Power Equipment and Car Maintenance

No power equipment, work shops, or car maintenance of any nature, other than emergency repairs, shall be permitted on the Project without the prior written consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

Section 12. Architectural Approval

Except as to original construction of improvements by Declarants, no building, fence, wall, structure, pavement or other improvement shall be commenced, erected or maintained on the Project, nor shall any exterior addition to or alteration in or change in color of any improvement be made, until the plans and specifications showing the nature, kind, shape, materials, color and location of the same have been submitted to and approved in writing as to quality of materials, harmony of external design and location in relation to surrounding structures and topography by the Board. In the event the Board fails to approve or disapprove such materials, design and location within thirty (30) days after said plans and specifications have been submitted to it, approval shall not be required, and this Section 12 shall be deemed to have been complied with in full.

Section 13. Compliance with Project Documents

Each Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a Lot or user of the Common Area shall comply with the provisions of the Project Documents, and failure to comply shall, subject to the notice and hearing requirements of Article 7, Section 2(A)(2), be the basis for disciplinary action imposed by the Board;

Section 14. Delegation of Powers

The Board may, subject to the limitations of Corporations Code Section 7212, as amended from time to time, delegate its powers set forth herein or elsewhere in the Project Documents to any committee(s) appointed by the Board.

ARTICLE 4

THE ASSOCIATION MEMBERSHIP AND VOTING

Section 1. Association

Greenfair Homeowners Association, a California nonprofit mutual benefit corporation, shall be the Association.

Section 2. Management of Project

The Association shall be obligated to manage the Project in accordance with the Project Documents and all applicable laws, regulations and ordinances of any governmental or quasi governmental body or agency having jurisdiction over the Project.

Section 3. Membership

Each Owner shall be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason at which time his membership in the Association shall automatically cease.

Section 4. Transferred Membership

Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Any transfer of title to a Lot or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner.

Section 5. Voting

The Association shall have three (3) classes of voting membership established according to the following provisions:

(A) Class A Membership

Class A members shall be all owners of single attached and single detached units and shall be entitled to one (1) vote for each lot owned. When more than one person owns an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine but in no event shall more than one (1) vote be cast with respect to any Lot.

(B) Class B Membership

Class B members shall be the owners of the multi-family high rise unit and shall be entitled to seventy-five (75) votes for the one Lot upon which the multi-family high rise is situated. When more than one person owns an interest in said Lot (co-owners), all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine but in no event shall more than seventy-five (75) votes be cast with respect to the Lot.

(C) Class C Membership

Class C members shall be the owners of the twelve (12) lots upon which the multi-family low rise units are situated and the owner (co-owners) of each of said lots shall be entitled to the number of votes as follows:

1. Lots 92, 93, 94 and 95 as shown on the plat of Greenfair Unit No. 1: three (3) votes for each lot.

2. Lots 91, 97 and 98 as shown on the plat of Greenfair Unit No. 1: six (6) votes for each lot.
3. Lots 80 and 96 as shown on the plat of Greenfair Unit No. 1: nine (9) votes for each lot.
4. Lot 90 as shown on the plat of Greenfair Unit No. 1: eight (8) votes.
5. Lot 89 as shown on the plat of Greenfair Unit No. 1: four (4) votes.
6. Lot 81 as shown on the plat of Greenfair Unit No. 1: twelve (12) votes.

Section 6. Voting Requirements

Any action by the Association which must have the approval of the Membership before being undertaken shall require the vote or written assent of the specified percentage (or if not specified a majority) of the voting power of each class of the Members who are present in person or by proxy at a properly noticed meeting at which a quorum is present.

Section 7. Co-Owner Votes

If the Co-Owners of a Lot are unable to agree among themselves as to how their vote(s) shall be cast, they shall forfeit the vote on the matter in question. If only one Co-Owner exercises the vote of a particular Lot, it shall be conclusively presumed for all purposes that he was acting with the authority and consent of all other Co-Owners of the same Lot. If more than one Co-Owner exercises the vote for a particular Lot, their votes shall not be counted and shall be deemed void.

Section 8. Record Date

The Association shall fix, in advance, a date as a record ~~date for the determination of the Members entitled to notice of and to vote at~~ any meeting of the Association and entitled to cast written ballots. The record date shall be not less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

Section 9. Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

Section 10. Board of Directors

The affairs of the Association shall be managed by a Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws.

ARTICLE 5

ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

Section 1. Generally

The Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article 5 or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Association shall have all the powers and rights of a nonprofit mutual benefit corporation under the laws of the State of California.

The Association shall act through its Board of Directors and the Board shall have the power, right and duty to act for the Association except that actions which require the approval of the Members of the Association shall first receive such approval.

Section 2. Enumerated Rights

In addition to those Association rights which are provided elsewhere in the Project Documents the Association shall have the following rights:

(A) Delegation

To elect, employ, appoint, to assign and to delegate the rights and duties of the Association to officers, employees, committees, agents and independent contractors.

(B) Enter Contracts

To enter contracts with third parties to furnish goods or services to the Project subject to the limitations of Article 5, Section 4.

(C) Borrow Money

To borrow money and with the approval by vote or written assent of a majority of the voting power of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(D) Dedicate and Grant Easements

To dedicate or transfer all or any part of the Common Area to any public agency, authority or utility or any other person or entity for such purposes and subject to such conditions as may be agreed to by the Board; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by a majority of each class of Members, and (ii) an instrument in writing is signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote or written assent.

(E) Establish Rules

To adopt reasonable rules not inconsistent with this Restated Declaration, the Articles, or the Bylaws relating to the use of the Common Area and the Lots and the conduct of Owners and their contract purchasers, lessees, tenants and guests with respect to the Project and other Owners. A copy of the Rules shall be mailed or otherwise delivered to each Owner annually and a copy shall be posted in a conspicuous place within the Common Area.

(F) Entry

To enter upon any portion of the Common Area, or upon any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Association of its duties under this Restated Declaration. In the event of an emergency such right of entry upon any Lot shall be immediate. Any damage caused by such entry shall be repaired or otherwise reasonably compensated for by the Association.

Section 3. Enumerated Duties

In addition to those Association duties which are imposed elsewhere in the Project Documents the Association shall have the following duties:

(A) Manage, Maintain Common Area

To manage, operate, improve, maintain, repair and replace all of the improvements located on the Common Area, and any other property acquired by or subject to the control of the Association, including personal property, in a sanitary and attractive condition and in a good state of repair.

In particular, the Association shall maintain, or provide for the maintenance of all Common Areas and all improvements of whatever kind and for whatever purpose, including recreational facilities located thereon, in good order and repair, and shall likewise maintain or provide for the maintenance of utility laterals, sprinkling systems, fences, and the exterior and interior of any utility buildings within the Common Area. In addition, the Association shall provide all necessary landscaping and gardening to generally maintain the landscaping within the Common Area and shall care for, clean and replace any and all drainage conduits and inlets on the Lots or Common Area to ensure proper and adequate provision for storm drainage runoff.

If the need for maintenance or repair to the Common Area is caused through the willful or negligent act of the Owner, his family, lessees, guests, invitees, or tenants, then the cost of such maintenance or repairs, in addition to any other disciplinary measures levied by the Board, shall be added to and become a part of the assessment to which such Lot is subject, as provided in Article 6, Section 5.

Notwithstanding the foregoing, the Association shall have no duty to maintain, repair or replace any improvements located on the Lots.

(B) Enforce Project Documents

To enforce the provisions of the Project Documents by appropriate means as provided at Article 7 and elsewhere in the Project Documents.

(C) Levy and Collection of Assessments and Individual Charges

To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles 6 and 7.

(D) Taxes and Assessments

To pay all real and personal property taxes and assessments and all other taxes levied against the Common Area, other property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

To prepare and file annual tax returns with the federal government and the State of California and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association,

(E) Water and Other Utilities

To acquire, provide and pay for water and other utility services as necessary for the Common Area.

Notwithstanding the provisions of Article 5, Section 2 (D) herein, the Board shall have the right and power without approval of the Membership to grant non-exclusive easements over the Common Area to the extent necessary to provide for such water or other utility services.

(F) Legal and Accounting

To obtain and pay the cost of legal, accounting and other professional services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents.

(G) Insurance

To obtain and pay the cost of insurance for the Project as provided in Article 8, Section 1.

(H) Bank Accounts

To deposit all funds collected from Owners pursuant to Articles 6 and 7 hereof and all other amounts collected by the Association as follows:

(i) All funds shall be deposited in a separate bank account ("General Account") with a bank located in the State of California. The Association shall keep accurate books and records regarding such account.

Funds deposited in such account may be used by the Association only for the purposes for which such funds have been collected.

(ii) Funds which the Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest bearing account with a bank or savings and loan association selected by the Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account". Funds deposited into the Reserve Account shall be held in trust and may be used by the Association only for the purposes for which such amounts have been collected.

(I) Preparation and Distribution of Financial Information

To regularly prepare budgets and financial statements and to distribute copies to each Member as follows:

(i) A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year.

- (a) The estimated revenue and expenses on an accrual basis.
- (b) The identification of the total cash reserves of the Association currently set aside.
- (c) The identification of the estimated remaining life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the Common Areas and facilities which the Association is obligated to maintain.
- (d) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and facilities which the Association is obligated to maintain.

(ii) A copy of a review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000.00). The review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(iii) In addition, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its lien rights or other legal remedies against Members for defaults in the payment of Regular and Special Assessments.

(J) Maintenance and Inspection of Books and Records

To cause to be kept adequate and correct books of account, a register of Members, minutes of Member, Board and Committee meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when requested in writing by twenty-five percent (25%) of the voting power of Members.

The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of the Board, and of Committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules in conformance with Corporations Code Section 8330 with respect to:

- (i) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (ii) Hours and days of the week when such an inspection may be made;
- (iii) Payment of the cost of reproducing copies of the documents requested by a Member.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

(K) Statements of Status

To provide, upon the request of any Owner or Mortgagee, a written statement setting forth the amount, as of a given date, of any unpaid Assessments, Individual Charges, or other debts or arrearages chargeable against any Owner or Lot. Such statement, for which a reasonable fee may be charged, shall be binding upon the Association in favor of any person who may rely thereon in good faith.

Section 4. Enumerated Limitations

Except with the approval of a majority of the Members, the Board shall be prohibited from taking the following actions:

(A) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or to the Association for a term longer than one (1) year with the following exceptions:

(i) A management contract.

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(iii) Prepaid casualty and/or liability insurance policies of a reasonable duration provided that the policy permits short rate cancellation by the insured.

(B) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

ARTICLE 6

ASSESSMENTS

Section 1. Agreement to Pay Assessments and Individual Charges

Each Owner, by acceptance of a deed to a Lot, is deemed to covenant and agree for each Lot owned, to pay to the Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Restated Declaration and in the other Project Documents.

Section 2. Purpose of Assessments

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Association as set forth in the Project Documents.

Section 3. Regular Assessments

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years.

Not less than forty-five (45) days nor more than sixty (60) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the budget and Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed budget, all written comments received from Owners, and any other information

available to it and, after making any adjustments that the Board deems appropriate, shall establish the pro forma operating budget and Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not establish a Regular Assessment for any fiscal year which is more than ten percent (10%) greater than the Regular Assessment of the prior fiscal year without the approval of a majority of the Members of the Association.

Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distribute to each Owner, a pro forma operating budget for the forthcoming fiscal year.

The provisions of this Section do not limit assessment increases for the following purposes: (1) the maintenance or repair of the Common Areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves; or (2) addressing emergency situations.

Regular Assessments shall be payable in equal monthly installments, due on the first day of each month of the fiscal year, unless the Board adopts some other basis for collection. Regular Assessments shall be levied on a proportionate basis, each Lot to bear a proportionate share as established in Section 3(A) below.

(A) Maximum Regular Annual Assessment

Unless increased as provided herein, the maximum regular annual assessment per Lot shall be as follows:

Until December 31, 1986, the maximum regular annual assessment shall be as follows:

- (i) For Class A members (██████████ Attached) \$668.52 per Lot.
- (ii) For Class A members (██████████ Detached) \$770.76 per Lot.
- (iii) For Class B members \$57,603.84 per Lot.
- (iv) For Class C members owning Lots 92, 93, 94 and 95, \$2,057.28 per Lot.
- (v) For Class C members owning Lots 91, 97 and 98, \$4,114.56 per Lot.
- (vi) For Class C members owning Lots 80 and 96, \$6,171.84 per Lot.
- (vii) For the Class C member owning Lot 90, \$5,143.20 for said Lot.

(viii) For the Class C member owning Lot 89, \$3,085.92 for said Lot.

(ix) For the Class C member owning Lot 81, \$8,229.12 for said Lot.

Section 4. Special Assessments

(A) General

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, provide for the payment in installments of such Special Assessment over the remaining months of the fiscal year or levy the entire Special Assessment immediately against each Lot. Special Assessments shall be due on the first day of the month following notice of their levy.

(B) Limitation on Special Assessments

Any Special Assessment which singly or in the aggregate with previous Special Assessments for the fiscal year would amount to more than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year, shall require approval of a majority of the Members.

The provisions of this Section do not limit assessment increases for the following purposes: (1) the maintenance or repair of the Common Areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves; or (2) addressing emergency situations.

Section 5. Individual Charges

Individual Charges may be levied against a Member (i) as a monetary penalty imposed by the Association as a disciplinary measure for the failure of a Member to comply with the Project Documents, or (ii) as a means of reimbursing the Association for costs incurred by the Association for repair of damage to Common Areas and facilities for which the Member was responsible, or to otherwise bring the Member and his Lot into compliance with the Project Documents. Such Individual Charges including reasonable late charges, interest, costs of collection and reasonable attorneys' fees related to the collection of Assessments, shall be enforceable through the lien provisions of the Project Documents.

**Section 6. Allocation of Regular and Special Assessments**

Special Assessments shall be levied against Lots in the same proportions as the maximum Regular Assessment against each Lot, as set forth above.

**Section 7. Delinquent Assessments; Charges**

Regular and Special Assessments are delinquent fifteen (15) days after they become due. If an assessment is delinquent, the Association may recover all of the following:

- (1) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.
- (2) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater.
- (3) Interest on all sums imposed in accordance with this Section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed the maximum rate permitted by law, commencing 30 days after the assessment becomes due.

**Section 8. Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges**

The Assessments and Individual Charges, together with late charges, interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each Assessment or Individual Charge is made, the lien to become effective upon recordation of a Notice of Delinquent Assessment.

All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees incurred in collecting delinquent Assessments and Individual Charges, shall be the personal obligation of the Owner of such Lot at the time when the Assessments or Individual Charges or other charges are levied. If more than one person or entity was the Owner of a Lot at the time the Assessments or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charge shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.

ARTICLE 7

ENFORCEMENT OF RESTRICTIONS

Section 1. General

The Association or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce independently of the Association any Assessment, Individual Charge or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Lot in the manner provided by law.

In the event the Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein.

All sums payable hereunder by an Owner shall bear interest at the maximum rate permitted by law from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is demanded.

All enforcement powers of the Association shall be cumulative. Failure by the Association or any Owner, to enforce any covenant, lien or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Specific Enforcement Rights

In amplification of, and not in limitation of, the general rights specified in Section 1 above or elsewhere in the Project Documents, the Association shall have the following rights and powers:

(A) Enforcement by Sanctions

(i) Limitation

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Lot on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

(11) Disciplinary Action

The Association may impose reasonable monetary penalties, temporary suspensions of reasonable duration (not to exceed thirty (30) days per violation) of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Project Documents (other than the failure to pay Assessments or Individual Charges). Notwithstanding the foregoing, the Association shall have no right to interfere with an Owner's right of ingress to or egress from his Lot.

Before disciplinary action authorized under this Section may be imposed by the Association the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

(a) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

(b) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and to question witnesses;

(c) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

(B) Suit to Collect Delinquent Assessments or Individual Charges

A suit to recover a money judgment for unpaid Assessments or unpaid Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees shall be maintainable by the Association. Such suit shall be maintainable without foreclosing or waiving the lien securing such unpaid Assessments or Individual Charges.

(C) Enforcement of Lien

The amount of an Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Article 6, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the Sacramento County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Article 6, a description of the Owner's Lot against which the Assessment and other sums are levied, the name of the record owner of the Lot against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by the person designated by the Association for that purpose, or if no one is designated, by the president of the Association. Upon payment of the sum specified in the Notice of

Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

A lien created pursuant to this Section shall be prior to all other liens recorded subsequent to the Notice of Assessment, except as otherwise provided in this Restated Declaration.

A lien created pursuant to this Section may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a. Any sale by the trustee shall be conducted in accordance with the provisions of Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust.

Nothing in this Section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created pursuant to this section, or prohibits an association from taking a deed in lieu of foreclosure.

In connection with any sale under Section 2924-2924h, the Board is authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in California as trustee for purposes of conducting the sale.

The Association, acting on behalf of the Owners, shall have the power to bid upon the Lot at foreclosure sale and to acquire, hold, rent, lease, mortgage and convey the Lot.

(D) Transfer by Sale or Foreclosure

In a sale or transfer of the Lot, the personal obligation for delinquent Assessments or Individual Charges shall not pass to the transferee unless expressly assumed by him. The sale or transfer of any Lot shall not effect the Assessment lien nor the right of the Association to impose a lien for Assessments which became due prior to such sale or transfer. However, the sale or transfer of any Lot pursuant to the exercise of a power of sale or judicial foreclosure involving a default under a purchase money First Mortgage shall extinguish the lien and right to lien for Assessments which became due prior to such sale or transfer. No transfer of the Lot as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the First Mortgagee or another person, from liability for any Assessments or Individual Charges thereafter becoming due or from the lien thereof.

(E) Waiver of Homestead Benefits

Each Owner to the extent permitted by law, waives, to the extent of any liens created pursuant to the Project Documents, the benefit of any homestead or exemption laws of California in effect at the time any Assessment becomes due.

ARTICLE 8

INSURANCE, DESTRUCTION, CONDEMNATION

Section 1. Insurance

In addition to any other insurance required to be maintained by the Project Documents, the Association shall obtain from generally accepted insurance carriers, and maintain in effect at all times the following insurance:

(A) Liability Insurance

The Association shall obtain and maintain comprehensive public liability insurance insuring the Association and the Owners against any liability incident to the ownership, use or maintenance of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against any liability customarily covered with respect to projects similar in construction, location, and use. Such policy may provide for a reasonable deductible.

(B) Casualty Insurance

To the extent available, the Association also shall obtain and maintain a policy of casualty insurance for the full insurable replacement value (without deduction for depreciation) of all of the improvements within the Common Area. Such policy may provide for a reasonable deductible. The form, content, term of the policy, its endorsements and the issuing company be consistent with good sound insurance coverage for properties similar in construction, location and use. The policy shall name as insured the Association for the benefit of the Owners and all Mortgagees as their respective interests shall appear, and may contain a loss payable endorsement in favor of any trustee described in Section 1(C).

(C) Trustee

All casualty insurance proceeds payable under Section 1(B) for losses to real property and improvements may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. Said trustee shall be a commercial bank or trust company in Sacramento County that agrees in writing to accept such trust.

(D) Other Insurance

The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association. The Board may purchase and maintain fidelity bonds or insurance sufficient to meet the requirements of any First Mortgagee. The Board may purchase and maintain insurance on

personal property owned by the Association, and any other insurance that it deems necessary or that is customarily obtained for projects similar in construction, location and use.

(E) Owner's Liability Insurance

An Owner may carry whatever personal and property damage liability insurance with respect to his Lot that he desires.

(F) Owner's Fire and Extended Coverage Insurance

Each Owner shall obtain and maintain fire, casualty and extended coverage insurance for the full replacement value of all of the improvements on his Lot. An Owner may also insure his personal property.

(G) Officer and Director Insurance

The Association may purchase and maintain insurance on behalf of any Director, Officer, or Member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under applicable law.

(H) Waiver of Subrogation

All property and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association and the Owners.

(I) Notice of Cancellation

All insurance carried by the Association shall require the insurer to notify any First Mortgagee requesting such notice at least fifteen (15) days in advance of the effective date of any reduction or cancellation of the policy.

(J) Annual Review of Policies

All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

(K) Payment of Premiums

Premiums on insurance maintained by the Association shall be a common expense funded by Assessments levied by the Association.

Section 2. Destruction

(A) Destruction Affecting the Common Area

In the event of damage or destruction to the Common Area, the Board shall have the duty to repair and reconstruct it.

(i) Rebuilding Contract

It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date. The Board shall have the authority to enter into a written contract with a reputable contractor for the repair and reconstruction, and to compensate the contractor according to the terms of the contract.

(ii) Special Assessment to Rebuild

The Association may levy a Special Assessment against all Lot Owners to cover the cost of rebuilding not covered by insurance proceeds or other available funds.

(B) Destruction Affecting Lots

If there is a total or partial destruction of a Lot, the Owner thereof shall have the following options:

(i) The Owner shall rebuild or repair the Lot in substantial conformity with its appearance, design, and structural integrity immediately prior to the damage or destruction.

Notwithstanding the foregoing, any Owner of an affected Lot may apply to the Board for reconstruction of his Lot in a manner which will provide for an exterior appearance and/or design which is different from that which existed prior to the date of the destruction. Application for such approval shall be made in writing together with full and complete plans, specifications, maps and working drawings showing the proposed reconstruction and the end result thereof. The Board shall grant such approval only if it finds that the reconstructed Lot will be compatible in exterior appearance and/or design with the other Lots in the Project. Failure of the Board to approve or reject any such proposed change within thirty days (30) after the date of submission thereof shall be conclusively deemed an approval thereof;  
or,

(ii) The Owner shall clear all structures and improvements from the Lot and shall landscape it in a manner which is approved by the Board. Board approval shall not be unreasonably withheld. Failure to rebuild the Lot shall not relieve the Lot or its Owner from any Assessment obligation.

Rebuilding or landscaping shall be commenced within ninety (90) days of the date of the damage or destruction and shall be diligently pursued to completion.

Section 3. Condemnation

(A) Condemnation Affecting Common Area

(i) Sale in Lieu

If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the unanimous written consent of all of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be available to the Board to establish and improve easements and roads over the Project as necessary to replace that portion of the Common Area which has been sold. Subject to Corporations Code 9724 the proceeds of the sale, if distributed, shall be distributed among the Lots on the same basis as their Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interests shall appear.

(ii) Award

If the Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms distribute the award. If the judgment of condemnation does not distribute the award then the award shall be distributed as provided in Section 3(A) (i) above.

(B) Condemnation Affecting Lots

If an action for condemnation of all or a portion of, or otherwise affecting a Lot (except the Common Area) is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot, upon receiving the award and any portion of the reserve funds of the Association reserved for the Lot, shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area.

ARTICLE 9

MORTGAGEE PROTECTIONS

Section 1. Mortgages Permitted

Any Owner may encumber his Lot with Mortgages.

Section 2. Subordination

Any lien created or claimed under the provisions of this Restated Declaration is expressly made subject and subordinate to the rights of any purchase money First Mortgage that encumbers any Lot, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 3. Effect of Breach

No breach of any provision of this Restated Declaration shall invalidate the lien of any Mortgage made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 4. Non-Curable Breach

No Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall be obligated to cure any breach of this Restated Declaration that is non-curable or of a type that is not practical or feasible to cure.

Section 5. Right to Appear at Meetings

Any Mortgagee may appear at meetings of the Members and the Board.

Section 6. Right to Furnish Information

Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

Section 7. Right to Examine Books and Records, Etc.

The Association shall make available to Owners, and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request, and at its expense, to an audited financial statement for the immediately preceding fiscal year. Such financial statement shall be furnished by the Association within a reasonable time following such request.

Section 8. Owners Right to Ingress and Egress

There shall be no restriction upon any Owners' right of ingress and egress to his Lot, which right shall be perpetual and appurtenant to his Lot ownership.

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ARTICLE 10

GENERAL PROVISIONS

Section 1. Annexation

Additional Property may be annexed to the Project upon the vote or written assent of sixty-six and two-thirds percent (66 2/3%) of the voting power of each class of Members.

Section 2. Notices

Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the Owner's Lot. Notices to the Association shall be addressed to the address designated by the Association by written notice to all Owners.

Section 3. Notice of Transfer

No later than five (5) days after the sale or transfer of any Lot under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Association in writing of such sale or transfer. Such notice shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferor; and (iii) the date of sale. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to receipt of any such notification by the Association, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

Section 4. Headings

The headings used in this Restated Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Restated Declaration.

Section 5. Severability

The provisions of this Restated Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

Section 6. Exhibits

All exhibits referred to are incorporated herein by such reference.

Greenfair Common Area Resolution of Necessity

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Section 7. Easements Reserved and Granted

Any easements referred to in this Restated Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Restated Declaration in a deed to any Lot.

Section 8. Binding Effect

This Restated Declaration shall insure to the benefit of and be binding on the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

Section 9. Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Restated Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Articles, Bylaws; and Rules and Regulations of the Association.

Section 10. Delivery of Project Documents to Transferee

Prior to the transfer of title to a Lot, the transferor shall provide to the prospective transferee a copy of the Project Documents and such other documents and information as are required by California Civil Code Section 1368.

Section 11. Termination of Restated Declaration

This Restated Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Restated Declaration is executed. After that time, this Restated Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Restated Declaration is revoked by an instrument executed by Owners of not less than sixty-six and two-thirds percent (66 2/3%) of the Lots in the Project, and said instrument is recorded in the Office of the Sacramento County Recorder within one year prior of the end of said 50-year period or any succeeding 10-year period.

ARTICLE 11

AMENDMENT

Section 1. Amendment

This Restated Declaration shall be amended or revoked only by the affirmative vote or written consent of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of each class of Members.

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Section 2. Specific Provisions

The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

Section 3. Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Secretary of the Association has executed, acknowledged and recorded in the Office of the Sacramento County Recorder, an instrument expressing the amendment and certifying that the required approvals were received.

Greenfair Common Area Resolution of Necessity

CERTIFICATION

This Declaration has been amended and restated pursuant to California Civil Code Section 1352.5 with the Board of Directors' approval and without the Members' approval.

We, the undersigned hereby certify, under penalty of perjury, that the Second Restated Declaration of Covenants, Conditions and Restrictions for Greenfair Homeowners Association, set forth herein was duly adopted by the Board.

GREENFAIR HOMEOWNERS ASSOCIATION

President:

Kathie J. Jacobs  
(Sign Name)

Kathie J. Jacobs  
(Print Name)

Dated: 8-16-01

Secretary:

Marcia R. Rogers  
(Sign Name)

Marcia R. Rogers  
(Print Name)

Dated: 8/25/01

State of California  
County of Sacramento }

On 8-16-01 before me, Dana L. Jacob, Notary Public  
personally appeared Kathie J. Jacobs

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

WITNESS my hand and official seal.

Signature: Dana L. Jacob



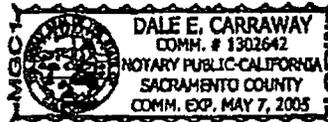
State of California  
County of Sacramento }

On Aug 25, 2001 before me, Dale E. Carraway, Notary Public  
personally appeared Marcia R. Rogers

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

WITNESS my hand and official seal.

Signature: Dale E. Carraway



**goldfarb  
lipman  
attorneys**

1300 Clay Street, Ninth Floor  
Oakland, California 94612  
510 836-6336

- M David Kroot
- Lee C. Rosenthal
- John T. Nagle
- Polly V. Marshall
- Lynn Hutchins
- Karen M. Tiedemann
- Thomas H. Webber
- John T. Haygood
- Dianne Jackson McLean
- Michelle D. Brewer
- Jennifer K. Bell
- Robert C. Mills
- Isabel L. Brown
- James T. Diamond, Jr.
- Margaret F. Jung
- Heather J. Gould
- William F. DiCamillo
- Juliet E. Cox
- Erica Williams Orcharton
- Amy DeVaudreuil
- Barbara E. Kautz
- Luis A. Rodriguez
- Xochitl Marquez
- Rafael Yaquian

May 29, 2008

**VIA CERTIFIED MAIL & RETURN  
RECEIPT REQUESTED**

**Greenfair Homeowners Association  
5501 Broadway  
Sacramento, CA 95820**

**Re: Greenfair Project, Broadway and Fairgrounds Drive, Sacramento, California**

Dear Ladies and Gentlemen:

We write on behalf of the Housing Authority of the City of Sacramento (the "Housing Authority") concerning the Greenfair project.

As you know, the Housing Authority is the owner of 158 lots in the Greenfair development and by virtue of that ownership is a member of the Greenfair Homeowner's Association ("Association"). The other owners of lots within the Greenfair development likewise are members of the Association. The lots the Housing Authority owns are surrounded by property owned by the Association that, under the Second Restated Declaration of Covenants, Conditions (the "CC&R's") recorded September 26, 2001 in the official records of Sacramento County, is designated as part of the "Common Area." The Common Area that surrounds the lots owned by the Housing Authority consists of Parcels 1, 3, 4, 214-C and 215-C as shown on the map on page 1 of the attached "Statement and Summary of Appraisal." Those parcels are shown in yellow on that map and are referred to as the "Acquisition Parcels." The Acquisition Parcels are also described on Exhibit A attached to the enclosed purchase and sale agreement. The lots owned by the Housing Authority are referred to as the "Authority Lots" and consist of those parcels in white adjacent to the Acquisition Parcels. The Authority Lots are also listed on Exhibit C attached to the enclosed purchase and sale agreement.

By this letter the Housing Authority hereby offers to purchase from the Association the Association's interests in the Acquisition Parcels as well as purchase from the Association and its members their easement and similar interests in the Acquisition Parcels and Authority Lots arising under the CC&R's. The Housing Authority's offer includes all appurtenances and improvements on the Acquisition Parcels.

The Housing Authority's offer is based on a valuation appraisal performed by Smith & Associates. A detailed summary of this appraisal which explains the basis for the appraisers' conclusions is in the enclosed "Statement and Summary of Appraisal."

Facsimile  
510 836-1035  
San Francisco  
415 788-6336  
Los Angeles  
213 627-6336  
San Diego  
619 239-6336

Goldfarb & Lipman LLP

Greenfair Homeowners Association  
May 29, 2008  
Page 2

The appraisal reflects the appraisers' best estimate of the fair market value of the property as of November 19, 2007.

As the appraisal summary indicates, the appraised value Acquisition Parcels and related rights under the CC&R's is \$2,570,000. However, as an owner of 158 lots in the Greenfair development and a member of the Association, the Housing Authority is entitled under Article 6, Section 3 of the CC&R's to receive 46.78% of the amount to be paid for the Acquisition. Consequently, the Housing Authority's offer to the Association and its members is \$1,367,754, an amount that reflects a deduction for the Housing Authority's 46.78% share of the \$2,570,000.

The Association may seek an independent appraisal of the property, and if so, the Housing Authority offers to reimburse the Association for the reasonable cost of that independent appraisal. To be eligible for reimbursement, the appraisal must be performed by a California licensed real estate appraiser. The reimbursement amount is not to exceed \$5000 pursuant to Code of Civil Procedure Section 1263.

The Housing Authority will pay all closing costs for any purchase of the property. Additionally, if the Housing Authority determines that public use of the property will not begin for at least two years after the Housing Authority acquires the property, the Housing Authority will offer the Association the opportunity to lease the property back from the Housing Authority for one year, renewable until the property is needed for public use. Pursuant to Code of Civil Procedure section 1263.615, any such leaseback would be at a fair market rent, and would require the Association to take full responsibility for any liability resulting from its continued use of the property. No business goodwill would accrue during the leaseback term, and the leaseback could not increase the total compensation the Association received from the Housing Authority for the property.

The detailed terms of the purchase are set forth in the enclosed purchase and sales contract. If you are satisfied with the offer and the other terms set out in the contract, please have the authorized representatives of the Association sign the contract and return it to me for signature by the Housing Authority. This offer shall remain open for thirty (30) days from the date of this letter. Failure to accept the offer within thirty (30) days shall constitute a rejection of the offer.

If the Homeowners Association rejects this offer, the Housing Authority may institute to acquire the property by eminent domain, or instead may elect to abandon its present efforts to acquire the property.

Greenfair Common Area Resolution of Necessity  
Greenfair Homeowners Association  
May 29, 2008  
Page 2

March 10, 2009  
Attachment 5

Please contact me or Juliet Cox in our office to discuss this offer in more detail.

Sincerely,



LEE C. ROSENTHAL

LCR: kss

Encls.

cc: Ray Ashby  
Dana Phillips

**STATEMENT AND SUMMARY OF APPRAISAL**

Appraisal Prepared For:

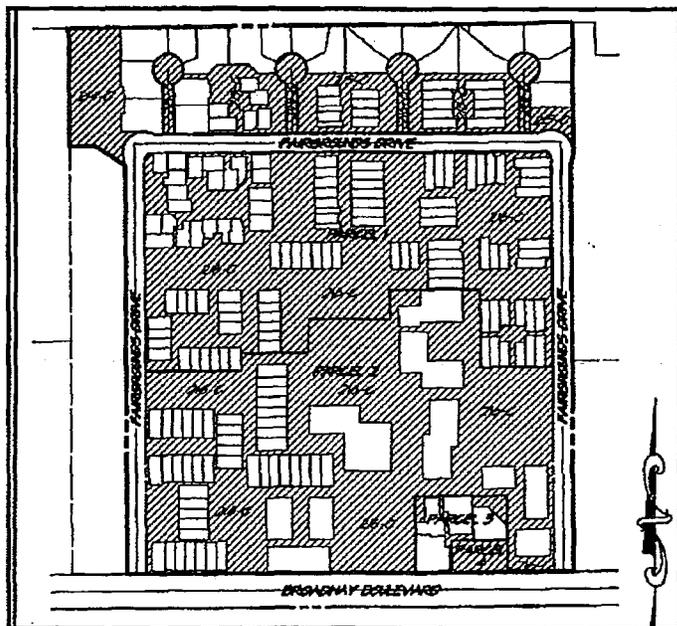
Goldfarb & Lipman LLP, and Sacramento Housing and Redevelopment Agency

Property Address:

Greenfair Project, Broadway & Fairgrounds Dr., Sacramento, CA 95817

APN:

Multiple – affects common area as hi-lighted in yellow below, as well as associated rights under the covenants, conditions and restrictions with respect to the building pads within the area highlighted in yellow:



Common Area to Be Acquired by SHRA		
Area	Acres	Sq. Ft.
214-C	0.7994	34,822
215-C	2.0446	89,063
Parcel 1	5.5800	243,065
Parcel 3	0.1700	7,405
Parcel 4	0.2200	9,583
	<u>8.8140</u>	<u>383,938</u>

Owner of Record:

Greenfair Homeowners Association

Property Use:

Common Area associated with project of mixed housing types

Statement and Summary of Appraisal  
Greenfair Project, Sacramento

Zoning:

R-1a Single-Family Alternative Zone

Larger Parcel Land Area:

27.8713 acres – entire project

Proposed Acquisition:

8.814 acres (383,938 square feet)

Highest and Best Use:

Residential

Date of Inspection:

November 19, 2007

Effective Date of Value

November 19, 2007

Appraisal Methodology:

There are several factors that make this property unique, and therefore difficult to appraise by traditional methods because there is nothing comparable in the market. First, the overall project was built over 30 years ago by multiple developers using construction methods that were considered experimental or unique at the time. Second, there are multiple types of product in the project – apartments, attached housing, and detached housing. Third, the client (SHRA) already owns 158 lots. The land that is the subject for acquisition is common area that is fragmented and irregular in shape, i.e. the land between the lots. Finally, because of the need for higher density housing to keep units affordable, it is very unlikely that the existing lot and common area configuration would be built today.

None of the existing building improvements is physically impacted by the proposed acquisition. Therefore, we have not valued the improvements but only considered the value of the underlying land.

Ultimately, we used the Sales Comparison Approach, where the subject land is compared to existing market sales and adjusted for differences to arrive at an opinion of value. But first, due to the factors mentioned above, we had to determine what we were comparing. We concluded that the most logical step was to look at a ratio of living space (GLA – Gross Living Area) to land area in today's market to determine how much common area is typically provided to support a given type of product. Developers don't pay one price for the land on which they will build foundations and another price for the common area. They pay a blended price for the land based on the revenue that they can get for the homes. A home buyer or apartment dweller expects some given amount of open area around their dwelling.

An analysis of several townhome projects in Sacramento led to a conclusion that a 0.7 ratio (living area ÷ land area) is appropriate for the subject project.

Below is a summary of the living areas in the entire Greenfair project, excluding the 20 SFR homes. Those normally have no common area and are calculated differently. The SHRA townhome and triplex areas are taken from records of what was originally built on those lots.

		Living Area Average	Living Area Total
SHRA Townhomes	134 units	1,350 s.f.	180,900 s.f.
SHRA Triplexes	12 units	1,100 s.f.	13,200 s.f.
1 Bed Hi Rise Apts	112 units	540 s.f.	60,480 s.f.
1 Bed Gdn Apts	38 units	650 s.f.	24,700 s.f.
2 Bed Gdn Apts	42 units	725 s.f.	30,450 s.f.
Christiana Townhomes	45 units	1,280 s.f.	57,600 s.f.
Total Multi-Family Lots	383 units		367,330 s.f.

The total of all living area in the project, then, (excluding the SFRs) is 367,330 s.f. Applying the .7 ratio, we conclude that a land area of 524,757 s.f. would be typical in today's market for a similar project (367,330 s.f. living area ÷ .7 ratio). But again, Greenfair is hardly typical of the market, and so we must make allowances for the common area as it exists. So to this derived land area, we add back in parking, the recreation center and pool, and the tennis courts. Rather than try to calculate the areas of the many parking lots on the site, we have used a figure of 350 s.f. per space for surface parking lots, which is at the high end of the range from the Marshall & Swift guide to construction costs. There are 455 total spaces, so that equates to 159,250 s.f. of land for the existing parking lots (455 spaces x 350 s.f. of land per space). Finally, we add back in the total area of the single family residence lots and the access roads that are necessary to get to them. We calculated that the non-parking portion of the 4 cul-de-sacs is 25,092 square feet. These numbers are then totaled below:

Total Multi-Family Lots	383 units	367,330 s.f.
Living Area to Land Ratio - from Market		0.70 ratio
Required Land for Multi-Family Units		524,757 s.f.
Pool/Recreation Center		19,321 s.f.
Tennis Courts		14,641 s.f.
Existing Parking Spaces		159,250 s.f.
Required Land for SFR Lots	20 units	137,405 s.f.
4 Cul-de-sacs serving SFR Lots		25,092 s.f.
Total Required Land		880,466 s.f.

Given that the entire Greenfair project is 1,214,074 s.f., we then have 880,466 s.f. of "required" land and 333,608 s.f. of "surplus" land.

**VALUATION SUMMARY**

- 1. COST APPROACH: \$ NA
- 2. SALES COMPARISON APPROACH: \$13.50/s.f. – required land  
\$ 2.00/s.f. – surplus land

**Finished Lot Sales**

Sale	Date	Price	Area - s.f.	Price/s.f.	Comments
Walter Ave & Stockton Blvd. Sacramento	Jun-04	\$1,750,000	97,139	\$18.02	20 finished lots - duplexes
1004 Lake Park Ave. Galt	Apr-06	\$6,840,000	355,998	\$19.21	40 finished lots - SFR

**Raw Land Sales**

Sale	Date	Price	Area - s.f.		Intended Use
			Acres	Price/s.f.	
Bradshaw Rd Sacramento	Aug-07	\$9,300,000	1,742,400 40.0	\$5.34	SFRs and Apartments
Caselman Rd. South Sacramento	Mar-07	\$2,000,000	436,500 10.0	\$4.58	Apartment Units
51 Morey Ave. Sacramento	Mar-07	\$1,800,000	511,394 11.7	\$3.52	Single Family Development
Ehrhardt Ave @ Franklin Sacramento	Aug-06	\$3,080,500	609,405 14.0	\$5.05	169 SFRs Contingent on TM
				\$4.62	average

We used both the few finished lot sales that were available, and raw land sales plus development costs, to determine a value for the "required" land. Adjustments for Market Conditions, Location and Encumbrances resulted in the conclusion of \$13.50/s.f.

The "surplus" land is also encumbered and would not be useful to a developer because it is irregular in shape and size. Its value would be lower than raw land that is developable and Open Space land that is summarized in the table below. The concluded value is \$2.00/s.f. for the "surplus" land.

No.	Address	City	Proposed Use	Sale Date	Sale Price	Area In S.F.	Price per S.F.
1	24th St	Sacramento	Open Space	10/1/2001	\$130,000	152,895	\$0.85
2	Bruns Ave	Alameda	Open Space	4/11/2003	\$935,000	6,288,757	\$0.15
3	SH 29 & American Canyon	Napa	Open Space	1/25/2007	\$4,600,000	13,798,065	\$0.33
4	Marsh Creek Rd	Clayton	Hold for Investment, Open Space	11/6/2007	\$1,344,000	13,939,200	\$0.10
5	Lambert Rd	Elk Grove	Open Space	2/16/2000	\$2,122,500	23,406,966	\$0.09
6	12565 Foothill Rd	Sunol	Open Space, Public Park	9/27/2007	\$5,197,500	60,368,428	\$0.10

- 3. INCOME APPROACH: \$ NA

**RECAP OF OVERALL VALUES**

- COST APPROACH \$ NA
- SALES COMPARISON APPROACH \$13.50/s.f. – required land  
\$ 2.00/s.f. – surplus land
- INCOME APPROACH \$ NA
- 4. FINAL CORRELATION BEFORE CONDITION AT: \$13.50/s.f. – required land  
\$ 2.00/s.f. – surplus land

Statement and Summary of Appraisal  
Greenfair Project, Sacramento

**PARTIAL TAKE ANALYSIS**

Using the land calculations for the portion of land that SHRA proposes acquiring, we look at those living areas and the associated parking areas. The pool, rec center, and tennis courts would still be part of the remainder land. The calculations are as follows:

**SHRA Allocation of Larger Parcel**

<b>SHRA Required Land</b>			
TH's	134 units	1,350 s.f.	180,900 s.f.
Triplex's	12 units	1,100 s.f.	13,200 s.f.
Total MF Lots	146 units		194,100 s.f.
Living Area to Land Ratio - from Market			0.70 ratio
Required Land for MF Units			277,286 s.f.
Required Land for SFR Lots	20 units		137,405 s.f.
237 Parking Spaces			82,950 s.f.
4 Cul-de-sacs serving SFR Lots			25,092 s.f.
Total Required Land			522,733 s.f.

The proposed acquisition totals 383,938 s.f. of land. SHRA already owns lots totally 365,925 s.f. of land. In an earlier table we indicated that the proposed acquisition of common area plus the lots that SHRA already owns totals 749,863 s.f. (383,938 s.f. + 365,925 s.f.). Subtracting the "required" land of 522,733 s.f. from this number would indicate "surplus" land in the amount of 227,130 s.f.

Of the 522,733 s.f. of "required" land, SHRA already owns 365,925 s.f., leaving a difference of 156,808 s.f. that must be purchased.

**Acquisition Land Areas**

SHRA Required Land	522,733 s.f.
SHRA Owned Land	<u>-365,925 s.f.</u>
SHRA Additional Required Land Not Owned	156,808 s.f.

The value of the SHRA acquisition can then be summarized as follows, using our values derived earlier for "required" and "surplus" land:

**Valuation**

SHRA Additional Required Land Not Owned	\$13.50 per s.f. x	156,808 s.f.	\$2,116,904
SHRA Surplus Land Acquired	<u>\$2.00 per s.f. x</u>	<u>227,130 s.f.</u>	<u>\$454,260</u>
Total Value of Acquisition Land	\$6.70 per s.f. x	383,938 s.f.	\$2,571,164

Concluded Value of Part take \$2,570,000 rounded

SEVERANCE DAMAGES TO REMAINDER SITE

There are currently 455 surface parking spaces on the site, not counting the single-family home lots, which would have their own parking. With 383 units in the project (again, not counting the SFRs), this is a ratio of approximately 1.19 spaces per unit. Given the proposed take boundaries, SHRA would end up with 237 parking spaces and the remaining non-SHRA units would end up with 218 spaces. There will be 237 remaining non-SHRA dwelling units.

45 Townhomes
112 Hi-Rise Apts.
80 Garden Apts.
<hr/>
237 Units

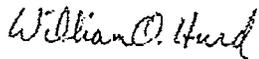
This would indicate a decrease from a 1.19 space/unit ratio in the larger parcel to a .92 ratio (218 parking spaces ÷ 237 units) in the remainder. However, 192 of the 237 dwelling units (81%) are the Senior Apartments. One would assume that there are fewer drivers in this population and therefore a lesser need for parking spaces. We again went to the market to confirm this. We spoke with the site managers of six "independent living" senior housing complexes throughout the Sacramento area, and all but one had fewer parking spaces than they did units. Several commented that the existing parking was primarily for guests. We also would note that during our inspections of the property, we saw no cars parked in the parking areas of the proposed take, and there were open spaces in the parking areas that would belong to the "remainder." The one exception to this was the parking area near the triplex lots, because of its convenience to the Garden Apartments. However, there were plenty of vacant spaces in the nearby lot in front of the recreation center. It is our conclusion that there are no damages to the remainder from the reduction in parking.

BENEFITS:

We have identified no benefits to the remainder property at this time.

TOTAL RECOMMENDED COMPENSATION FROM PARTIAL TAKE = \$2,570,000

It should be noted that this is the full fee value for the proposed take area. It does not take into consideration the fact that SHRA is a member of the HOA and, as stated in the CC&R's, is entitled to a distribution of any sale of a portion of the Common Area, proportionate to their ownership percentage.



William O. Hurd  
Certified General Real Estate Appraiser  
State of California #AG034899, exp 8/17/08



Terry S. Larson, MAI  
Certified General Real Estate Appraiser  
State of California #AG007041, exp 11/30/08

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

This Agreement for Purchase and Sale of Real Property ("Agreement"), dated March 12, 2008 for references purposes only, is entered into by and between **HOUSING AUTHORITY OF THE CITY OF SACRAMENTO** ("Buyer"), a public body, corporate and politic, 630 I Street, Sacramento, California 95814 and **GREENFAIR HOMEOWNERS ASSOCIATION** ("Seller"), 5501 Broadway, Sacramento CA 95820. Buyer agrees, subject to the discretion afforded Buyer hereunder, to purchase and Seller agrees to sell to Buyer that real Property ("Property") located in the City of Sacramento, Sacramento County, described in Exhibit A attached hereto and made a part hereof, upon the following terms and conditions:

**1. Purchase Price**

Buyer shall pay to Seller the total Purchase Price of **ONE MILLION THREE HUNDRED AND SIXTY SEVENTY THOUSAND SEVEN HUNDRED FIFTY-FOUR DOLLARS (\$1,367,754.00)**, which sum is full consideration and just compensation for the Property, payable as follows:

(a) Within five (5) days of the Effective Date of this Agreement, Buyer shall deposit the sum of **TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)** ("Deposit"), in the form of a check drawn upon Buyer's funds and payable to **STEWART TITLE OF SACRAMENTO**, 1425 River Park Drive, Suite 110, Sacramento CA 95815, **Escrow Number: 05-007757** in the Escrow establish pursuant hereto; and

(b) The balance of the Purchase Price shall be paid by Buyer to Seller in cash at close of escrow.

**2. Establishment of Purchase Price**

The parties acknowledge that the Purchase Price has been established by the voluntary agreement of the parties and NOT under threat of use by the Buyer of its power of eminent domain.

**3. Escrow**

(a) Within five (5) days after the Effective Date of this Agreement, Buyer shall open an escrow ("Escrow") with Escrow Holder to consummate the sale of the Property under this Agreement. The Escrow shall close on or before **120 days** from the Effective Date of this Agreement.

(b) Seller authorizes Buyer to prepare and deliver to Escrow Holder escrow instructions in accordance with this Agreement to be signed by both parties. In the event no escrow instructions are prepared, the provisions of this Agreement together with the standard general conditions of Escrow Holder shall constitute joint escrow instructions to Escrow Holder. The parties shall execute such escrow instructions as are requested by Escrow

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**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

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Holder which are not inconsistent with the provisions of this Agreement.

(c) Buyer has reviewed Stewart Title of Sacramento Preliminary Report Order No. 05-007757 dated September 14, 2007, copy attached hereto as Exhibit B and a part hereof, and agrees to take title subject to items A, B, C and D, all paid current. Exceptions 1 and 2 on said title report shall be cleared by the Seller delivering for recordation at the close of escrow quitclaim deeds from each member of the Seller (other than Buyer) conveying to the Buyer each said member's interest in the Property and the Authority Lots. The Authority Lots refers to those 158 lots owned by the Buyer which are in the same subdivision as the Property. The Authority Lots are described in the attached Exhibit C. All other exceptions must be cleared prior to close of escrow. Seller shall provide Buyer with copies of any rental agreements or leases with the tenants when this Agreement is signed by Seller and returned to Buyer for approval and signature. After receipt of the above described items, and any supplemental documents referenced in the preliminary title report, Buyer shall have **fourteen (14) days** within which to notify Seller in writing of Buyer's disapproval of any encroachments, rights in the Property or exceptions shown therein. Delivery of said notice to Escrow Holder shall be deemed delivery to Seller. In the event of any such disapproval, Seller shall have until close of Escrow to remove disapproved encroachments and rights in the Property and to eliminate such disapproved exception(s) from the policy of title insurance to be issued in favor of Buyer under this Agreement. If all such disapproved exceptions are not so eliminated, then the Escrow shall be canceled unless Buyer then elects to waive its prior disapproval. Upon notice of Buyer to Escrow Holder and expiration of Escrow period set forth above, Escrow Holder shall return deposit to Buyer

(d) Buyer may, at any time prior to the close of Escrow, investigate the suitability of the Property for Buyer's intended uses. Said investigation may cover, without limitation, budgetary limitations and funding availability, Subdivision Map Act requirements, availability and cost of providing utilities, sewers and storm drains, roof protection, topographic studies, zoning, and cost of construction estimates. Should Buyer terminate this Agreement, Buyer shall have no further liability to Seller of any type whatsoever by reason of the termination of this Agreement pursuant to this paragraph. Delivery of said notice to Escrow Holder shall be deemed delivery to Seller.

(e) Should any of the conditions precedent to the close of Escrow, as set forth in (f) below, fail to occur prior to close of Escrow or should Buyer have the right to terminate this Agreement and cancel the Escrow under any other provisions of this Agreement, Buyer shall have the right and power, exercisable after written notice to Seller and Escrow Holder, to terminate this Agreement, cancel the Escrow and receive immediately from Escrow Holder any and all sums paid by Buyer on account of this Agreement, or otherwise, for the Property. Buyer's exercise of such power shall not constitute a waiver of any rights of Buyer arising from breach of this Agreement. Escrow Holder is hereby irrevocably instructed by the parties, upon notice from Buyer of such termination, to deduct escrow fees incurred by Buyer from Buyer's Deposit, to refund to Buyer all remaining monies and all instruments and other items deposited by Buyer in Escrow pursuant to this Agreement, and then to refund to Seller all monies and instruments deposited by Seller in Escrow pursuant to this Agreement.

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

(f) The close of the Escrow and Buyer's obligation to purchase the Property are subject to the following conditions precedent:

(1) The conveyance to Buyer of good and marketable fee title to the Property, as evidenced by a standard form American Land Title Association ("ALTA") or California Land Title Association ("CLTA") standard form title insurance policy in the amount of the Purchase Price and containing endorsements reasonably required by Buyer, insuring that title is free and clear of all liens and encumbrances except those approved by Buyer pursuant to the provisions of this Agreement.

(2) Delivery of possession of the Property to Buyer immediately on close of Escrow, free and clear of all prior uses and/or occupancies, except such as Buyer has expressly approved in writing prior to the close of Escrow.

(3) Delivery of the quitclaim deeds referred to in (c) above.

(g) Notwithstanding any other term, provision or condition hereof, in the event that Buyer should fail, neglect or refuse to complete the transaction contemplated hereby for any reason or cause other than those set forth in subparts (c), (d) and (e) of this paragraph or for no reason or cause at all, this Agreement shall be deemed an option Agreement and the amount of the Deposit shall be deemed an option fee and paid by Escrow Holder to Seller. Apart from the payment of the deposit as an option fee, Buyer shall have no further liability to Seller of any kind whatsoever by reason of the termination and/or non-performance of this Agreement by Buyer.

**4. Prorations and Payments**

(a) Any taxes which are due but not paid at the close of Escrow shall be paid by Seller as of the close of Escrow and they shall be prorated in the normal manner for a public agency acquisition in the County of Sacramento. Escrow may get prorated property taxes and direct levies from Angie Droszcz, in the Tax Collector's office at (916) 874-6296. Should taxes have been paid prior to the close of Escrow, the Tax Collector of the County of Sacramento will prorate the tax bill and direct levies between the buyer and seller and issue a refund to the payer, if appropriate.

(b) Any assessments, deed of trust notes and liens or encumbrances of any kind whatsoever shall be paid in full by the Seller.

(c) Title insurance premiums, recording fees and other Escrow fees shall be paid one-half by Seller and one-half by Buyer, except for any expenses related to any liens, encumbrances and assessments, which shall be borne by Seller. Extraordinary Escrow costs shall be borne by the party requesting, incurring and benefiting from such expenses.

(d) Buyer shall receive a credit for any security deposits and prepaid rents held or collected by Seller

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

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**5. Hazardous Waste Disclosure, Right of Inspection and Indemnification**

(a) Seller shall disclose to Buyer any and all information which Seller has regarding the condition of the Property including, but not limited to, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on or about the Property.

(b) Seller represents, warrants and covenants that to the best of its knowledge, as of the close of Escrow, no part of the Property will be in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, under or about the Property, including, not limited to, hazardous waste, soil and groundwater conditions. Additionally, Seller represents and warrants that to the best of its knowledge there is no proceeding or inquiry by any governmental authority (including, without limitation, the State of California Department of Health Services) with respect to the presence of such hazardous substances on the Property or the migration thereof from or to other property. In the event that the Property is in violation of any such law, ordinance or regulation, Seller agrees that it shall undertake and prosecute to completion such procedures as may be necessary to correct such violation(s) at its sole cost and expense. At its sole discretion and expense, Buyer may elect to engage an environmental consulting firm to conduct an environmental audit to ascertain whether or not the Property complies with current federal, state and local environmental laws, ordinances and regulations.

(c) Seller hereby agrees to indemnify, hold harmless and defend Buyer, its directors, officers, employees, agents and successors in interest, from and against all costs, fees, claims related to the damages to persons or property and other liabilities or remediation expenses, to the full extent that such action is required as a result of, or attributable to, the manufacture, use, storage or release of asbestos, PCB's, or other toxic, hazardous or contaminated substances by any person on the Property prior to transfer of title to Buyer. Seller's obligations under this Paragraph shall survive the close of Escrow.

(d) As used in this Paragraph, "toxic, hazardous, or contaminated substances" shall include, without limitation, substances defined as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" in the Clean Water Act (33 U.S.C. §1321 et seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601, et seq); the Hazardous Materials Transportation Act (49 1. U.S.C. §1801, et seq); the Resource Conservation and Recovery Act (42 U.S.C. 6901, et seq.); California Health and Safety Code §§25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and any superseding acts or amendments and/or rules, and all policies and regulations promulgated pursuant thereto.

(e) At any time prior to close of Escrow, Buyer shall have the right, upon reasonable notice to Seller, to thoroughly inspect and conduct reasonable tests (at Buyer's expense) upon the Property for the purpose of detecting the presence of toxic, hazardous, or contaminated substances.

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

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(f) At any time prior to close of Escrow, and notwithstanding the time limitations set forth in Section 3(d), Buyer shall have the right to terminate this Agreement and cancel the Escrow under the terms of this Agreement and obtain a refund of Buyer's Deposit, if asbestos, PCB's, or other toxic, hazardous or contaminated substances are discovered to be on, or are reasonably believed by Buyer to have been used by any person on, the Property prior to transfer of title to Buyer.

**6. Risk of Loss**

Should any improvements on the Property be destroyed or substantially damaged prior to the close of Escrow, Buyer shall have the right to terminate this Agreement and cancel the Escrow under the provisions of this Agreement. Any such improvement on the Property shall be deemed substantially damaged if the cost of restoring such improvement to its condition as of the Effective Date of this Agreement exceeds ten percent (10%) of the Purchase Price for the Property under this Agreement. If Buyer elects not to terminate this Agreement or if the improvements are damaged to an insubstantial degree, the insurance proceeds received by Seller on account of such damaged improvements are hereby assigned by Seller to Buyer, subject to, and effective upon, transfer of title of the Property to Buyer.

**7. Tax Withholding**

(a) As part of the required closing documents, Seller shall deposit with Escrow Holder duly executed copies of Transferor's Certificate of Non-foreign Status pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, certifying that Seller is not a foreign person; and (b) a California Form 593-C, Withholding Exemption Certificate for Real Estate Sales.

(b) Notwithstanding subdivision (a) above, the California Revenue and Taxation Code currently requires that, if applicable to the transaction, the Buyer (through the Escrow Holder) deduct and withhold from Seller's proceeds three and one-third percent (3.33%) of the Purchase Price.

**8. Broker Provisions**

Seller is solely responsible for the payment of, and shall pay, any real estate commission owed to any real estate agent engaged or employed by Seller. Buyer has not used a real estate firm in negotiating for the Property.

**9. Seller Warranties**

Seller represents and warrants to the best of Seller's knowledge after reasonable inquiry that:

(a) Seller has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement.

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

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(b) There are no leases, agreements or rights of third parties which affect the Property and which have not been disclosed to Buyer in accordance with this Agreement.

(c) Seller is not in default on any of Seller's obligations or liabilities pertaining to the Property.

(d) Seller and the Property are in compliance with all laws, ordinances, statutes and regulations bearing on the ownership and use of the Property, including, without limitation, conditions, covenants and restrictions related to the Property.

(e) Seller has not received notification from any authority having jurisdiction which requires any work to be done on the Property or which refers to any existing or contemplated proceedings affecting the Property or the development of the Property.

**10. Relocation Benefits**

Seller acknowledges that Buyer has advised Seller that Buyer has established certain uniform procedures to assist in the mitigation, to the maximum extent feasible, of the adverse impacts on individuals, families, businesses and farm operations resulting from the acquisition of property by Buyer. This mitigation is accomplished through the provision of certain relocation assistance and benefits provided in accordance with state and federal law to qualified persons, families, businesses and farm operations. Buyer has advised Seller that a complete description of the nature and extent of the availability of such assistance is available upon request through the Buyer's Relocation Assistance Officer, Mabel Furr, 630 I Street, Sacramento, California 95814, (916) 440-1399 ext. 1275. Seller hereby waives any and all monetary relocation assistance or compensation to which Seller might otherwise be entitled, but this waiver does not extend to non-monetary relocation assistance for Seller, or to any relocation assistance available to other persons or entities legally occupying any portion of the Property.

**11. General Provisions**

(a) Any notice, demand, request, consent or approval that either party desires or is required to give the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first-class, certified mail. Such matters shall be addressed to the other party at the address first above stated.

(b) In the event of a default hereunder and the necessity of litigation to enforce any provision of this Agreement, the non-prevailing party in any such litigation shall pay, in addition to any other damages awarded to the prevailing party therein, a reasonable sum as attorney's fees and costs as shall be established by the court.

(c) This Agreement constitutes the full Agreement by and between the parties, and no other representations have been made regarding the contents of this Agreement.

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

(d) This Agreement shall not be amended, modified, or altered in any respect without such amendment, modification or alteration being reduced to writing and executed by the parties.

(e) This Agreement shall become effective upon the latter of (1) the date first above written and (2) the date of the last of the signatures hereto. The latter of the foregoing dates shall be the Effective Date of this Agreement for purposes of calculation of all periods specified for performances herein.

**12. Counterparts**

This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts; each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**13. Change of Rental Agreement Terms or Re-Rental**

(a) During the terms of this Agreement, Seller will not change the terms of any rental agreement by extending the term of the rental agreement, adding or removing tenants, changing rent, or modifying terms of the rental agreement without Buyer's prior written approval. Seller shall, however, be authorized to take any actions Seller deems necessary to enforce the terms of the rental agreement for the collection of rent and compliance with terms of the rental agreement.

(b) During the term of this Agreement, Seller will not rent the Property if it is vacant, or will not re-rent the Property if it becomes vacant

**14. Receipt of Copy**

The parties each acknowledge receipt of a copy of this Agreement.

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

**BUYER:**

HOUSING AUTHORITY OF  
THE CITY OF SACRAMENTO

By: \_\_\_\_\_  
LASHELLE DOZIER  
Interim Executive Director

EFFECTIVE  
DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
AGENCY COUNSEL

**SELLER:**

GREENFAIR HOMEOWNERS ASSOCIATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Tax I.D. Number: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

5107008.0  
Greenfair Unit No. 1  
September 7, 2007

## EXHIBIT A

### LEGAL DESCRIPTION

#### PROPOSED PARCEL 1

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

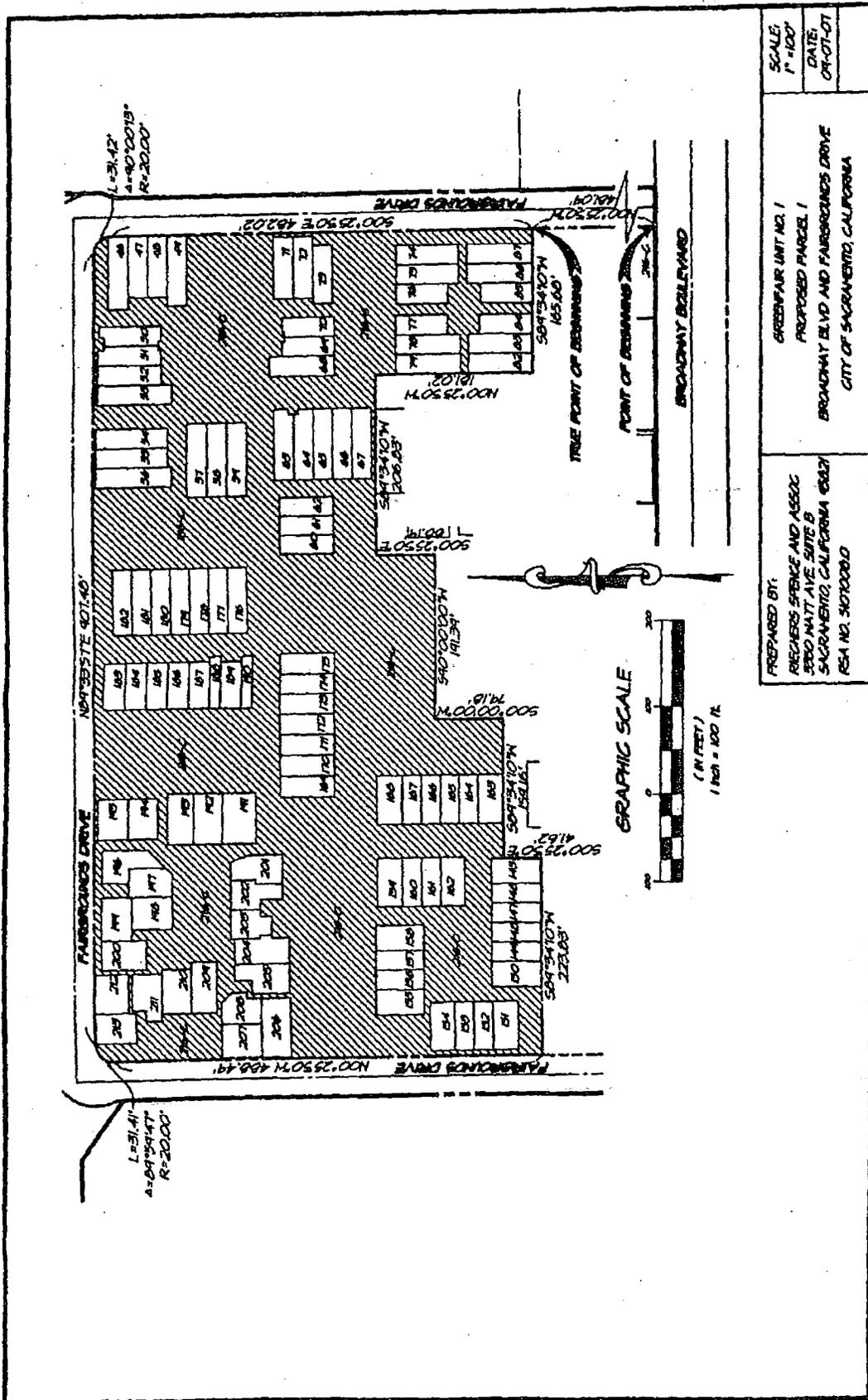
BEGINNING at the southeastern corner of said Lot 216-C, said corner also being on the western right of way line of Fairgrounds Drive; thence along said western right of way line, North 00°25'50" West, 481.09 feet to the TRUE POINT OF BEGINNING; thence leaving said western right of way line, South 89°34'10" West, 165.68 feet; thence North 00°25'50" West, 181.02 feet; thence South 89°34'10" West, 206.83 feet; thence South 00°25'50" East, 68.19 feet; thence South 90°00'00" West, 191.39 feet; thence South 00°00'00" West, 79.18 feet; thence South 89°34'10" West, 159.16 feet; thence South 00°25'50" East, 41.62 feet; thence South 89°34'10" West, 223.83 feet to the eastern right of way line of Fairgrounds Drive; thence along said eastern right of way line, North 00°25'50" West, 488.49 feet to the point on a curve to the right with radius 20.00 feet; thence along said curve 31.41 feet through a central angle of 89°59'47", to the point of tangency; thence along the south right of way line of Fairgrounds Drive, North 89°33'57" East, 907.48 feet to a point on a curve to the right with radius 20.00 feet; thence along the said curve 31.42 feet, through a central angle of 90°00'13", to the point of tangency; thence along the western right of way line of Fairgrounds Drive South 00°25'50" East, 482.02 feet to the TRUE POINT OF BEGINNING, containing an area of 5.58 acres, more or less.

EXCEPTING therefrom lots 1 to 79, 82 to 87, and 145 to 213 as shown on said map.

END OF DESCRIPTION

**EXHIBIT A**  
**AGREEMENT FOR PURCHASE**  
**AND SALE OF REAL PROPERTY**  
**SUBJECT PROPERTY**  
**SHOWN CROSSHATCHED**

Greenfair Common Area Resolution of Necessity



SCALE: 1" = 100'	GREENFAIR UNIT NO. 1 PROPOSED PARCEL 1
DATE: 08-01-07	BROADWAY BLVD AND FABRICIUS DRIVE CITY OF SACRAMENTO, CALIFORNIA
PREPARED BY: RICHARDS SPENCE AND ASSOC 3000 HAITT AVE SUITE B SACRAMENTO, CALIFORNIA 95827 RSA NO. 3070080	

5107008.0  
Greenfair Unit No. 1  
September 7, 2007

## EXHIBIT A

### LEGAL DESCRIPTION

#### PROPOSED PARCEL 3

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

BEGINNING at the southeastern corner of said Lot 216-C, said corner also being on the northern right of way line of Broadway Boulevard; thence along said northern right of way line, South 89°27'18" West, 233.99 feet to the TRUE POINT OF BEGINNING; thence along said northern right of way line the following courses: South 89°27'18" West, 74.54 feet and South 89°27'38" West, 8.72 feet; thence leaving said right of way line, North 00°25'50" West, 178.49 feet; thence North 89°34'10" East, 211.99 feet; thence South 00°25'50" East, 104.29 feet; thence South 89°34'10" West, 128.73 feet; thence South 00°25'50" East, 74.04 feet to the TRUE POINT OF BEGINNING, containing an area of 0.17 acres, more or less.

EXCEPTING therefrom lots 92 to 95, as shown on said map.

END OF DESCRIPTION



5107008.0  
Greenfair Unit No. 1  
September 7, 2007

## **EXHIBIT A**

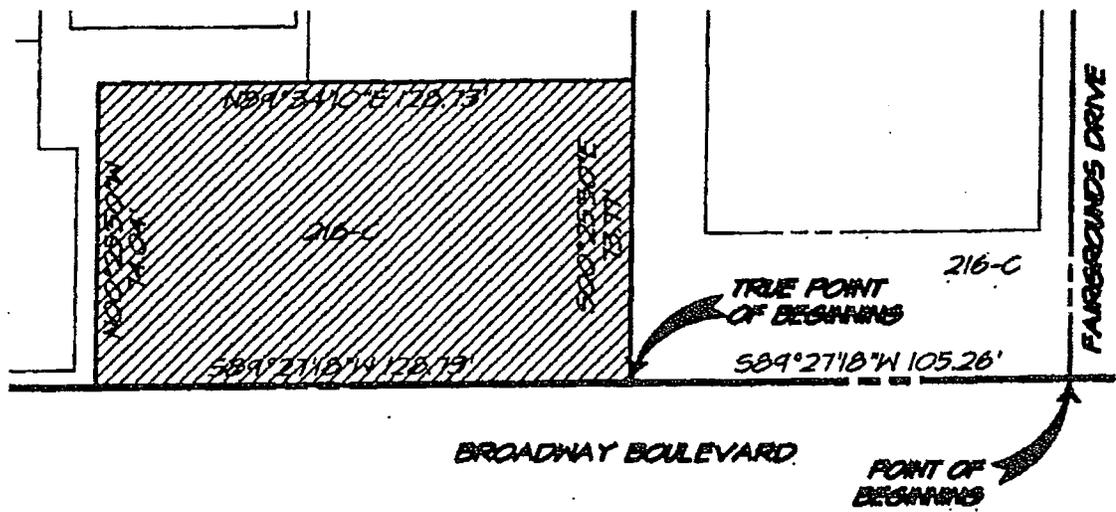
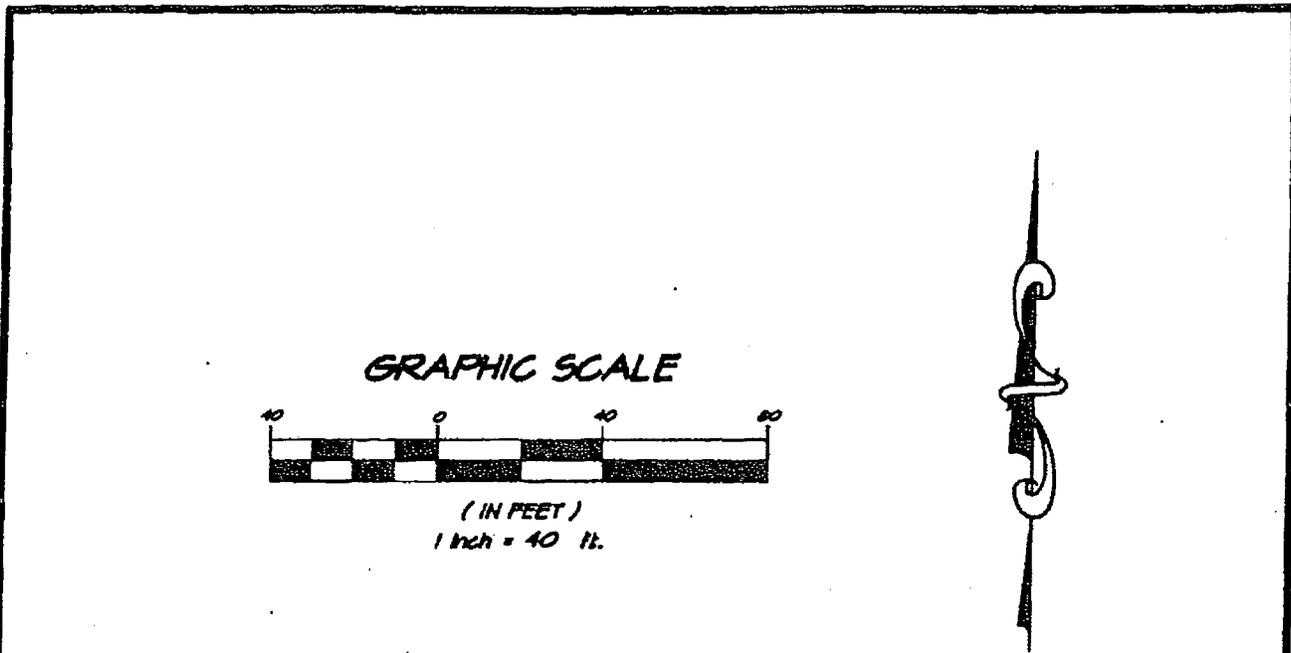
### **LEGAL DESCRIPTION**

#### **PROPOSED PARCEL 4**

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

**BEGINNING** at the southeastern corner of said Lot 216-C, said corner also being on the northern right of way line of Broadway Boulevard; thence along said northern right of way line, South 89°27'18" West, 105.26 feet to the **TRUE POINT OF BEGINNING**; thence along said northern right of way line, South 89°27'18" West, 128.73 feet; thence leaving said right of way line, North 00°25'50" West, 74.04 feet; thence North 89°34'10" East, 128.73 feet; thence South 00°25'50" East, 73.77 feet to the **TRUE POINT OF BEGINNING**, containing an area of 0.22 acres, more or less.

**END OF DESCRIPTION**



PREPARED BY: RIECHERS SPENCE AND ASSOC 3350 WATT AVE. SUITE B SACRAMENTO, CALIFORNIA 95821 RSA NO. 5107008.0	GREENFAIR UNIT NO. 1 PROPOSED PARCEL 4 BROADWAY BLVD AND FAIRGROUNDS DRIVE CITY OF SACRAMENTO, CALIFORNIA	SCALE: 1"=40'
		DATE: 09-07-07

EXHIBIT A

LEGAL DESCRIPTION

EXISTING LOTS 214-C AND 215-5

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being Lot 214-C and Lot 215-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records.

APN 011-0350-023

APN 011-0350-044



1425 River Park Dr., Suite 110  
Sacramento, CA 95815  
Phone (916) 925-6204  
Fax (916) 925-6248

**Preliminary Report**

**Issued For The Sole Use Of:**  
• Housing Authority  
of the City of Sacramento

**Escrow Officer: Gayl Gregson**  
**Our Order No.: 05-007757 GG**  
**2<sup>nd</sup> Amend**  
**Reference:**

**Property Address:**

In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit "A" of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a binder or commitment should be requested.

Dated as of September 14, 2007 at 7:30 a.m.

  
Title Officer  
CM/ck ↔ NIO

CLTA Preliminary Report (Effective 1-1-84)

**EXHIBIT B**  
**AGREEMENT FOR PURCHASE**  
**AND SALE OF REAL PROPERTY**

Order Number: 05-007757

Schedule A

The form of policy of title insurance contemplated by this report is:

CLTA STANDARD

The estate or interest in the land hereinafter described or referred to covered by this Report is: A Fee

Title to said estate or interest at the date hereof is vested in:

Greenfair Homeowners Association

The land referred to in this Report is situated in the State of California, County of Sacramento, City of Sacramento, and is described as follows:

See Exhibit "A" attached hereto and made a part hereof.

Greenfair Common Area Resolution of Necessity

Exhibit "A"  
Legal Description

Lots 136, 214-C, 215-C and 216-C, as shown on the "Plat of Greenfair Unit No. 1", recorded in Book 89 of Maps, Map No. 20, records of said County.

- Apns: 011-0330-046
- 011-0340-040
- 011-0350-043
- 011-0350-044
- 011-0360-039
- 011-0360-040
- 011-0370-042
- 011-0380-001
- 011-0380-010
- 011-0350-023

Order Number: 05-007757

Schedule B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this report would be as follows:

- A. Taxes for the Fiscal Year 2007-2008, a lien not yet due or payable.
- B. Possible future Lien of Special Assessments, assessed pursuant to the procedures of the Mello-Roos Community Facilities Act of 1982 and/or the Landscaping & Lighting Act of 1972.
- C. The Lien of Supplemental Taxes, if any, assessed pursuant to the provisions of Chapter 3.5, Revenue and Taxation Code, Section 75 et seq.
- D. Any possible outstanding charges for utility services. Amounts may be obtained by contacting the City and/or County of Sacramento's Utility Services and Billings Department.
- 1. Dedications as set forth and shown on the official map of said subdivision as follows:
  - (A) Rights of way and easements for water, gas, sewer, and drainage pipes and underground wires and conduits for electric and telephone services, together with any and all underground appurtenances thereto, on, over and under those strips of land shown hereon and designated "Public Utility Easement".
  - (B) Rights of way and easements for water, gas, sewer and drainage pipes, for electroliers and underground wires and conduits for electric and telephone services, together with any and all underground appurtenances thereto, on, over and under those lots shown hereon and designated "Lots 214-C, 215-C and 216-C", and for planting and maintaining trees on and under strips of land 5.00 feet in width along the front and/or side lines of lots adjoining the boulevard and drive.
- 2. All covenants, conditions, restrictions, reservations, easements, assessments and liens which may arise as set forth in the following:
  - a. Second Restated Restrictions recorded September 26, 2001, in Book 20010926, Page 558, Official Records.

Containing a Mortgagee Protection Clause.

Reference is hereby made to the recorded instrument for a full understanding thereof.

Said instrument may provide for Homeowners Association Dues:

"Terms, provisions, covenants, conditions, and restrictions, easements, charges, assessments and liens provided in the Covenants, Conditions and Restrictions above, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, famllal status or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons."

Exception #2 (Continued...)

Order Number: 05-007757

**Note:** Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. *Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.*

**Tax Note: For Proration Purposes Only**

General and Special Taxes for the Fiscal Year 2006-2007, and any assessments and charges collected therewith,

1st Installment \$703.67	Paid
2nd Installment \$703.67	Paid

Parcel No. 011-0380-010    Asst. No. 06229417    Code Area 03-005  
Land \$.00    Improvements \$.00

Included in the above Taxes, in the amount of \$1,407.34, for the Sacto City Lighting & Landscaping.

**Note:** If this property lies within the city limits of Sacramento, it is subject upon sale to a tax of .00275 of the value of consideration. The failure to pay will result in the tax being added to the future property tax bills.

According to those public records under the recording laws impart constructive notice to the title to the land described herein, the following matters constitute the chain of title for the thirty-six month period preceding the date hereof: None

**Buyer's Note:** If an Alta Residential Owner's Policy is requested and if the property described herein is determined to be eligible for this policy, the following exceptions from coverage will appear in the policy:

1. Taxes or assessments which are not shown as liens by the public records or by the records of any taxing authority.
2. (a) Water rights, claims or title to water; (b) reservation or exceptions in patents or in Acts authorizing the issuance thereof; (c) unpatented mining claims; whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
3. Any rights, interest or claims of parties in possession of the land which are not shown by the public records.
4. Any easements or liens not shown by the public records. This exception does not limit the lien coverage in Item 8 of the Covered Title Risks.
5. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This exception does not limit the forced removal coverage in Item 12 of the Covered Title Risks.

**Lender's Note:** If a 1970 Alta Lender's Policy form has been requested, the policy, when and if approved for issuance, will either be endorsed to add the following language or an encumbrance will be added to Schedule B, Part I as follows:

Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

- (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
- (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
- (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
  - (i) to timely record the instrument of transfer; or
  - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

Approval for the issuance of the 1970 Alta Lender's Policy form must be requested and approved prior to close of escrow. all other forms of policies that are authorized to be issued are the 1992 Policies only.

**Note:** California "Good Funds" Law

Effective January 1, 1990, California Insurance Code Section 12413.1 (Chapter 598, statutes of 1989), prohibits a title insurance company, controlled escrow company or underwritten title company from disbursing funds from an escrow or sub-escrow account, (except for funds deposited by wire transfer electronic payment or cash) until the day these funds are made available to the deposit or pursuant to Part 229 Of Title 12 of the code of Federal Regulations, (Reg. CC). Items such as cashier's, certified or teller's checks may be available for disbursement on the business day following the business day of deposit; however, other forms of deposits may cause extended delays in closing the escrow or sub-escrow.

"Stewart Title Of Sacramento will not be responsible for accruals of interest or other charges resulting from compliance with the disbursement restrictions imposed by State Law"

CLTA Preliminary Report Form

Exhibit A (Rev 6/2/98)  
CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement not or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, line or encumbrance resulting from a violation or alleged violallon affecting the land has been recorded in the public records at date of policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at date of policy, but not excluding from coverage any taking which has occurred prior to date of policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:  
  
(a) whether or not recorded in the public records at date of policy, but created, suffered, assumed or agreed to by the insured claimant;  
  
(b) not know to the company, not recorded in the public records at date of policy, but known to the insured claimant and not disclosed in writing to the company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
  
(c) resulting in no loss or damage to the insured claimant;  
  
(d) attaching or created subsequent to date of policy; or  
  
(e) resulting in loss or damage which would not have been sustained in the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at date of policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidence by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

CLTA Preliminary Report Form

EXCEPTIONS FROM COVERAGE-SCHEDULE B, PART I

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

- 1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
- 2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
- 3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
- 4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

CALIFORNIA LAND TITLE ASSOCIATION  
HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/98)  
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
  - a. building
  - b. zoning
  - c. land use
  - d. improvements on the land
  - e. land division
  - f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation appears in the public records at the policy date

This exclusion does not limit the coverage described in covered risk 14, 15, 16, 17 or 24

- 2. The failure of your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the public records at the policy date.
- 3. The right to take the land by condemning it unless:
  - a. a notice of exercising the right appears in the public records at the policy date; or
  - b. the taking happened before the policy date and is binding on you if you bought the land without knowing of the taking.

CLTA Preliminary Report Form

- 4 Risks:
  - a. that are created, allowed, or agreed to by you, whether or not they appear in the public records;
  - b. that are know to you at the policy date, but not to us, unless they appear in the public records at the policy date;
  - c. that result in no loss to you; or
  - d. that first occur after the policy date – this does not limit the coverage described in covered risk 7,8.d, 22 23, 24, of 25.
- 5 Failure to pay value for your title.
- 6 Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys or waterways that touch the land.

This Exclusion does not limit the coverage described in covered risk 11 or 18

AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

In addition to the Excepttoms in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. The includes building and zoning ordinances and also laws and regulallions concerning:
  - a. land use
  - b. improvements on the land
  - c. land division
  - d. environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.

This exclusion does not limit the zoning coverage described in items 12 and 13 of covered title risks.

- 2. The right to take the land by condemning it, unless:
  - a. a notice of exercising the right appears in the public records
  - b. one the policy date
  - c. the taking happened prior to the policy date and is binding on you if you bought the land without knowing of the taking

- 3 Title Risks:
  - a. that are created, allowed, or agreed to by you
  - b. that are known to you, but not to us, on the policy date – unless they appeared in the public records
  - c. that result in no loss to you
  - d. that first affect your title after the policy date – this does not limit the labor and material lien coverage in item 8 of Covered Title Risks

- 4 Failure to pay value for your title.

CLTA Preliminary Report Form

- 5. Lack of a right:
  - a. to any land outside the area specifically described and referred to in Item 3 of Schedule A
  - b. in streets, alleys, or waterways that touch your land

This exclusions does not limit the access coverage in Item 5 of Covered Title Risks.

**AMERICAN LAND TITLE ASSOCIATION LOA POLICY (10-17-92)**  
**WITH ALTA ENDORSEMENT FORM 1 COVERAGE**  
 and  
**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY**  
**(10-17-92)**  
**WITH ALTA ENDORSEMENT FORM 1 COVERAGE**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- 1. (a) Any law, ordinance or governmental regulations (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.  
 (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.
- 2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at date of policy, but not excluding from coverage any taking which has occurred prior to date of policy which would be binding on the rights of a purchaser for value without knowledge.
- 3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered assumed or agreed to by the insured claimant;
  - (b) not known to the company, not recorded in the public records at date of policy, but known to the insured claimant and not disclosed in writing to the company by the insured claimant prior to the date the insured claimant became an insured under this policy.
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to date of policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
  - (e) resulting in loss of damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
- 4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at date of policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.

CLTA Preliminary Report Form

- 5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- 6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgaged) arising from an improvement or work related to the land which is contracted for and commenced subsequent to date of policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at date of policy the insured has advanced or is obligated to advance.
- 7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either standard coverage or extended coverage. In addition to the above exclusions from coverage, the exceptions from coverage in a standard coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of :

- 1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
- 2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
- 3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
- 4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

## CLTA Preliminary Report Form

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY  
(10-17-92)  
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or locations of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation of alleged violation affecting the land has been recorded in the public records at date of policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at date of policy, but not excluding from coverage any taking which has occurred prior to date of policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the company, not recorded in the public records at date of policy, but known to the insured claimant and not disclosed in writing to the company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to date of policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transactions creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor

The above policy forms may be issued to afford either standard coverage or extended coverage. In addition to the above exclusions from coverage, the exceptions from coverage in a standard coverage policy will also include the following General Exceptions

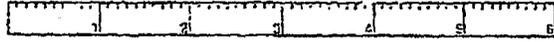
CLTA Preliminary Report Form

EXCEPTIONS FROM COVERAGE

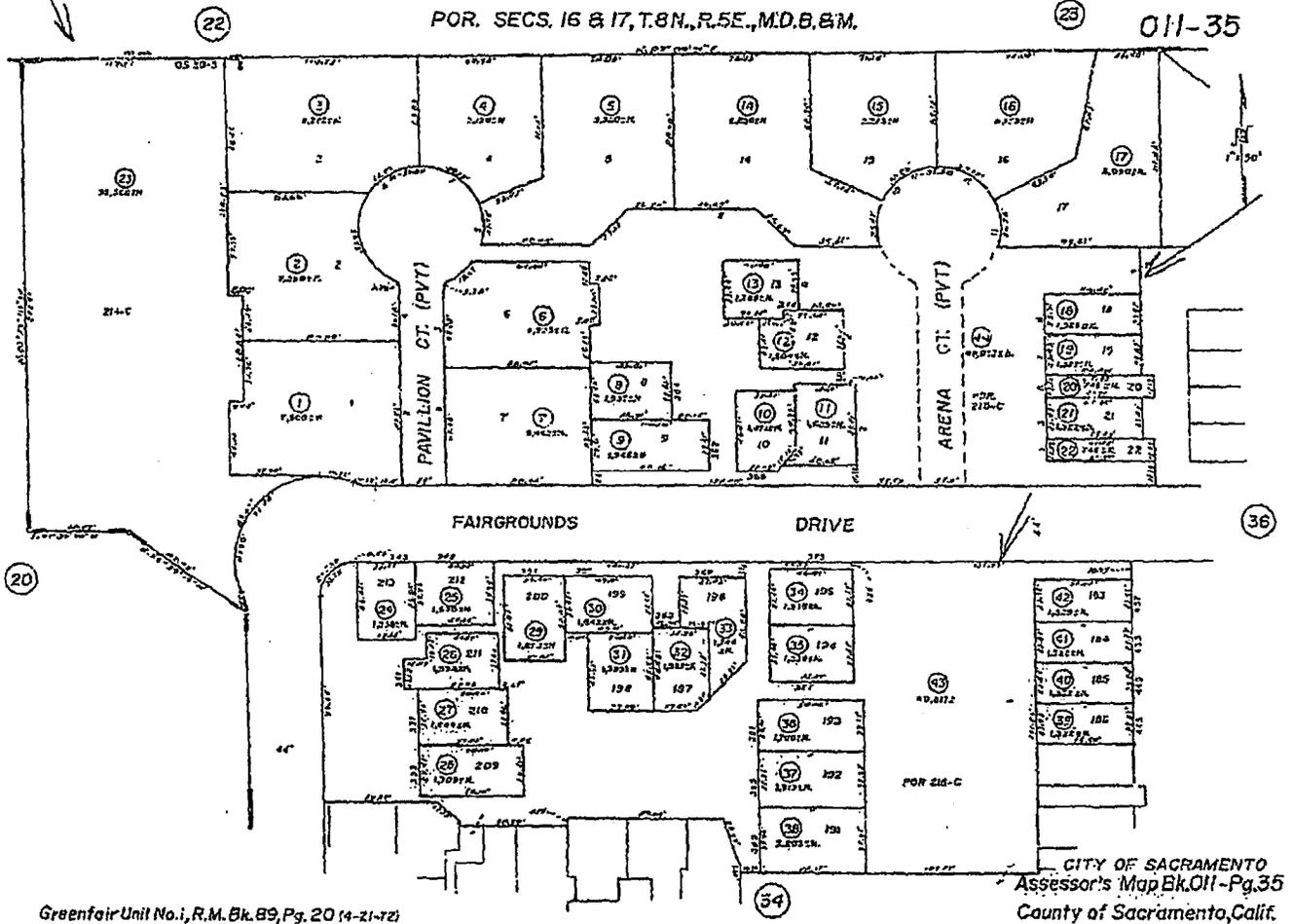
This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of :

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

SCALE IN 1/10 OF AN INCH



1-800-345-7...



Greenfair Unit No. 1, R.M. Bk. 89, Pg. 20 (14-21-72)

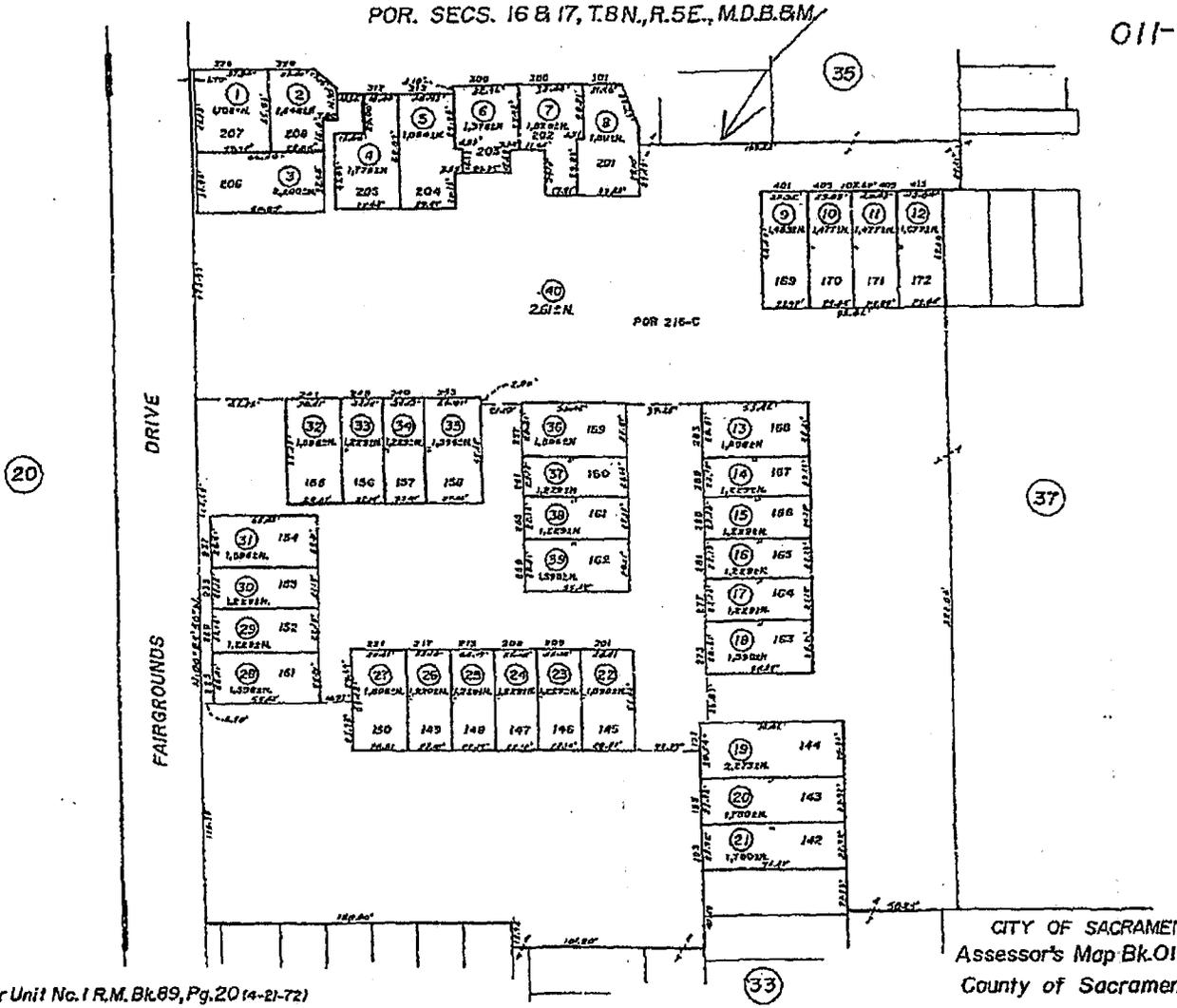
CITY OF SACRAMENTO  
Assessor's Map Bk. 011 - Pg. 35  
County of Sacramento, Calif.

**"IMPORTANT:** This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings, or acreage."

Description: Sacramento, CA Assessor Map 11.34 Page: 1 of 1  
Order: CH-10-30-2006 04-02-21 PM Comment: MAPS

Greenfair Common Area Resolution of Necessity

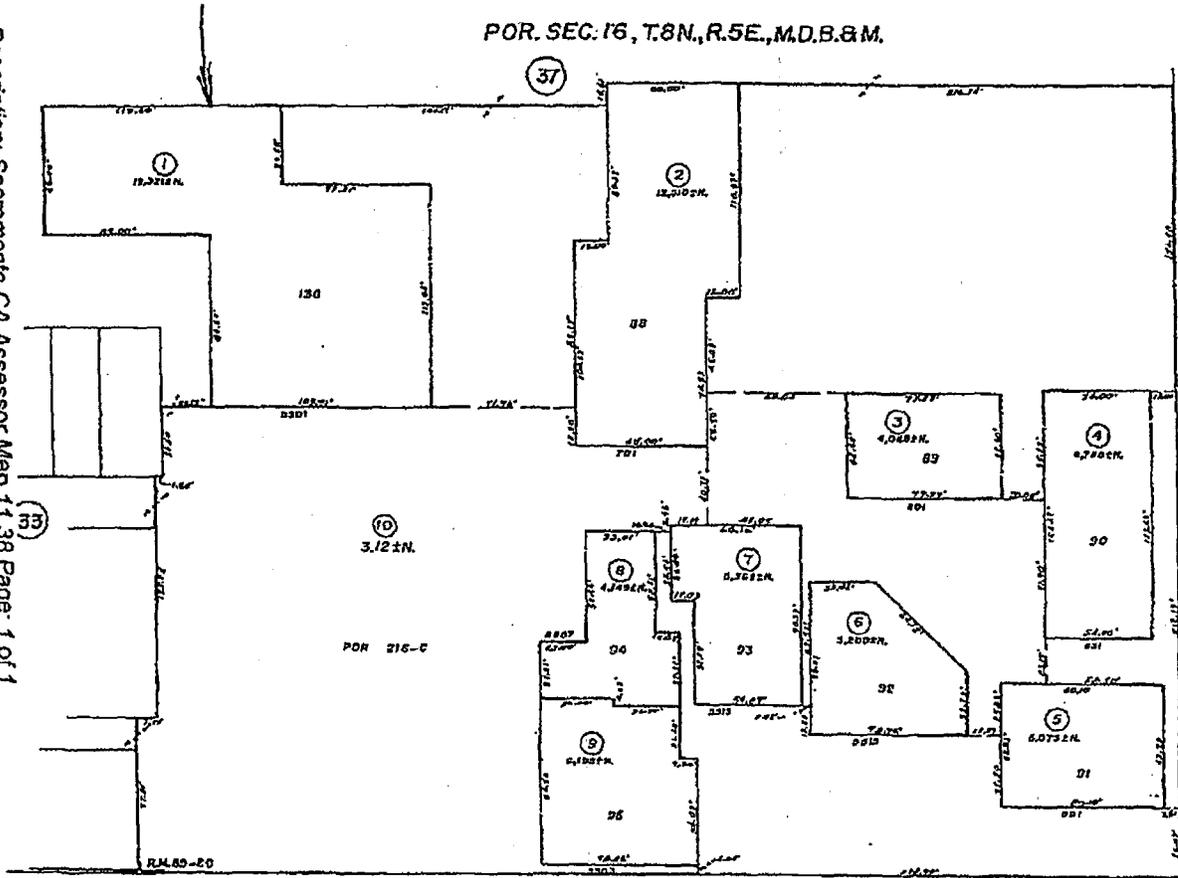
Greenfair Unit No. 1 R.M. Bk. 89, Pg. 20 (4-21-72)



"IMPORTANT: This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings, or acreage."



Description: Sacramento, CA Assessor Map 11.38 Page: 1 of 1  
Order: CH-10-30-2006 04-02-21 PM Comment: MAPS



POR. SEC. 16, T.8N., R.5E., M.D.B. & M.

DRIVE

FAIRGROUNDS

BROADWAY

Greenfair Unit No. 1 R.M. Bk. 89, Pg. 20 (4-21-72)

CITY OF SACRAMENTO  
Assessor's Map Bk. 011-  
County of Sacramento,

IMPORTANT: This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings, or acreage.

011-3

Bk. 89-20

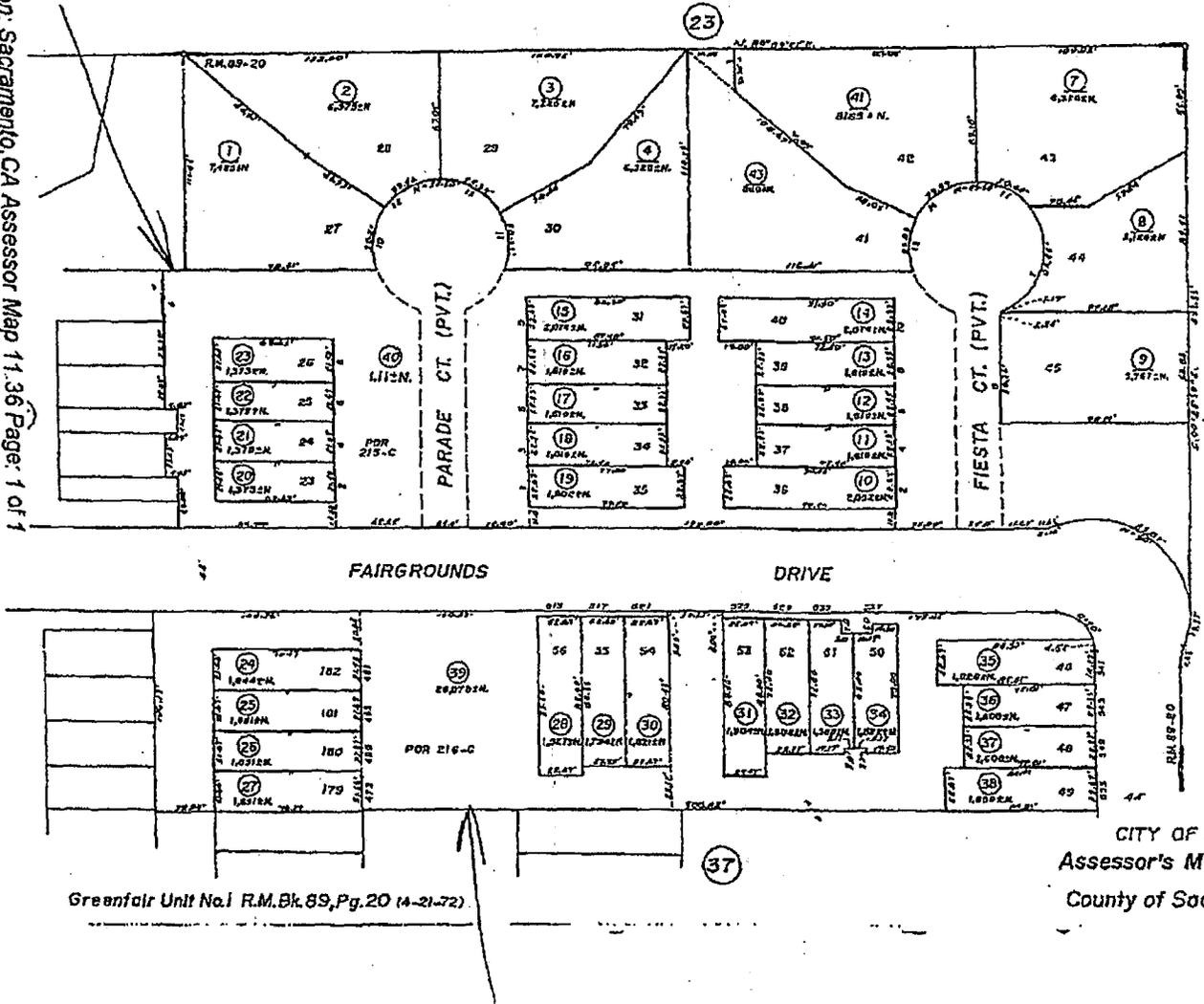
20

Bk 15



Description: Sacramento, CA Assessor Map 11.36 Page: 1 of 1  
Order: CH-10-30-2006 04-02-21 PM Comment: MAPS

POR. SECS. 16 & 17, T.8N., R.5E., M.D.B.&M.



CITY OF SACRAMENTO  
Assessor's Map Bk. 011-  
County of Sacramento,

## Greenfair Common Area Resolution of Necessity

## Exhibit C - Housing Authority Owned Property

March 10, 2009  
Attachment 5

<u>APN</u>	<u>Street #</u>	<u>Street Name</u>
011 0360 024	461	Fairgrounds Dr
011 0360 025	465	Fairgrounds Dr
011 0360 026	469	Fairgrounds Dr
011 0360 027	473	Fairgrounds Dr
011 0360 028	513	Fairgrounds Dr
011 0350 040	449	Fairgrounds Dr
011 0350 039	445	Fairgrounds Dr
011 0360 023	8	Parade Ct
011 0360 036	545	Fairgrounds Dr
011 0350 042	457	Fairgrounds Dr
011 0360 030	521	Fairgrounds Dr
011 0360 031	525	Fairgrounds Dr
011 0360 032	529	Fairgrounds Dr
011 0360 033	533	Fairgrounds Dr
011 0360 034	537	Fairgrounds Dr
011 0360 035	541	Fairgrounds Dr
011 0360 029	517	Fairgrounds Dr
011 0360 037	549	Fairgrounds Dr
011 0360 003	15	Parade Ct
011 0360 004	11	Parade Ct
011 0360 007	11	Fiesta Ct
011 0360 009	5	Fiesta Ct
011 0360 010	2	Fiesta Ct
011 0360 011	4	Fiesta Ct
011 0360 012	6	Fiesta Ct
011 0360 013	8	Fiesta Ct
011 0350 041	453	Fairgrounds Dr
011 0360 002	12	Parade Ct
011 0360 022	6	Parade Ct
011 0360 015	9	Parade Ct
011 0360 016	7	Parade Ct
011 0360 017	5	Parade Ct
011 0360 018	3	Parade Ct
011 0360 019	1	Parade Ct
011 0360 001	10	Parade Ct
011 0360 020	2	Parade Ct
011 0360 021	4	Parade Ct
011 0360 014	10	Fiesta Ct
011 0370 011	509	Fairgrounds Dr
011 0370 031	625	Fairgrounds Dr
011 0380 007	5513	Broadway

Greenfair Common Area Resolution of Necessity

Exhibit C - Housing Authority Owned Property

March 10, 2009  
Attachment 5

011 0380 006	5515	Broadway
011 0370 041	669	Fairgrounds Dr
011 0370 040	675	Fairgrounds Dr
011 0370 039	681	Fairgrounds Dr
011 0370 036	699	Fairgrounds Dr
011 0370 035	601	Fairgrounds Dr
011 0370 034	607	Fairgrounds Dr
011 0370 009	481	Fairgrounds Dr
011 0370 032	619	Fairgrounds Dr
011 0370 020	593	Fairgrounds Dr
011 0370 030	631	Fairgrounds Dr
011 0370 024	577	Fairgrounds Dr
011 0370 025	573	Fairgrounds Dr
011 0370 026	569	Fairgrounds Dr
011 0370 029	565	Fairgrounds Dr
011 0370 027	557	Fairgrounds Dr
011 0370 028	561	Fairgrounds Dr
011 0350 038	389	Fairgrounds Dr
011 0370 033	613	Fairgrounds Dr
011 0370 010	477	Fairgrounds Dr
011 0360 041	14	Fiesta Ct
011 0360 043	12	Fiesta Ct
011 0370 001	441	Fairgrounds Dr
011 0370 002	437	Fairgrounds Dr
011 0370 003	433	Fairgrounds Dr
011 0370 004	429	Fairgrounds Dr
011 0370 005	417	Fairgrounds Dr
011 0370 006	421	Fairgrounds Dr
011 0380 008	5507	Broadway
011 0370 008	485	Fairgrounds Dr
011 0370 021	597	Fairgrounds Dr
011 0370 012	505	Fairgrounds Dr
011 0370 013	501	Fairgrounds Dr
011 0370 014	489	Fairgrounds Dr
011 0370 015	493	Fairgrounds Dr
011 0370 016	497	Fairgrounds Dr
011 0370 017	581	Fairgrounds Dr
011 0370 018	585	Fairgrounds Dr
011 0370 019	589	Fairgrounds Dr
011 0360 038	553	Fairgrounds Dr
011 0370 007	425	Fairgrounds Dr
011 0340 027	221	Fairgrounds Dr

## Greenfair Common Area Resolution of Necessity

## Exhibit C - Housing Authority Owned Property

March 10, 2009  
Attachment 5

011 0340 037	261	Fairgrounds Dr
011 0340 016	281	Fairgrounds Dr
011 0340 017	277	Fairgrounds Dr
011 0340 018	273	Fairgrounds Dr
011 0340 022	201	Fairgrounds Dr
011 0340 023	205	Fairgrounds Dr
011 0340 024	209	Fairgrounds Dr
011 0340 011	409	Fairgrounds Dr
011 0340 026	217	Fairgrounds Dr
011 0340 010	405	Fairgrounds Dr
011 0340 028	225	Fairgrounds Dr
011 0340 002	329	Fairgrounds Dr
011 0340 030	233	Fairgrounds Dr
011 0350 037	385	Fairgrounds Dr
011 0340 032	241	Fairgrounds Dr
011 0340 033	245	Fairgrounds Dr
011 0340 036	257	Fairgrounds Dr
011 0340 025	213	Fairgrounds Dr
011 0340 004	317	Fairgrounds Dr
011 0340 035	253	Fairgrounds Dr.
011 0340 005	313	Fairgrounds Dr.
011 0340 013	293	Fairground Dr.
011 0340 014	289	Fairgrounds Dr.
011 0370 038	687	Fairgrounds Dr.
011 0370 037	693	Fairgrounds Dr
011 0340 034	249	Fairgrounds Dr
011 0340 012	413	Fairgrounds Dr
011 0340 006	309	Fairgrounds Dr
011 0340 031	237	Fairgrounds Dr
011 0360 008	7	Fiesta Ct.
011 0380 009	5503	Broadway
011 0340 001	325	Fairgrounds Dr
011 0340 003	321	Fairgrounds Dr
011 0340 007	305	Fairgrounds Dr
011 0340 008	301	Fairgrounds Dr
011 0340 009	401	Fairgrounds Dr
011 0340 015	285	Fairgrounds Dr
011 0350 029	353	Fairgrounds Dr
011 0350 019	7	Arena Ct
011 0350 020	5	Arena Ct
011 0350 021	3	Arena Ct
011 0340 038	265	Fairgrounds Dr

## Exhibit C - Housing Authority Owned Property

011 0350 024	345	Fairgrounds Dr
011 0340 029	229	Fairgrounds Dr
011 0350 026	341	Fairgrounds Dr
011 0350 018	9	Arena Ct
011 0350 028	333	Fairgrounds Dr
011 0350 022	1	Arena Ct
011 0350 030	357	Fairgrounds Dr
011 0350 031	361	Fairgrounds Dr
011 0350 032	365	Fairgrounds Dr
011 0350 033	369	Fairgrounds Dr
011 0350 034	373	Fairgrounds Dr
011 0350 035	377	Fairgrounds Dr
011 0350 036	381	Fairgrounds Dr
011 0350 027	337	Fairgrounds Dr
011 0350 008	364	Fairgrounds Dr
011 0340 039	269	Fairgrounds Dr
011 0350 001	2	Pavillion Ct
011 0350 002	4	Pavillion Ct
011 0350 003	6	Pavillion Ct
011 0350 004	7	Pavillion Ct
011 0350 005	5	Pavillion Ct
011 0350 025	349	Fairgrounds Dr
011 0350 007	1	Pavillion Ct
011 0350 017	11	Arena Ct
011 0350 009	362	Fairgrounds Dr
011 0350 016	15	Arena Ct
011 0350 015	10	Arena Ct
011 0350 014	8	Arena Ct
011 0350 013	6	Arena Ct
011 0350 012	4	Arena Ct
011 0350 011	2	Arena Ct
011 0350 006	3	Pavillion Ct
011 0350 010	366	Fairgrounds Dr

**goldfarb  
lipman  
attorneys**

1300 Clay Street, Ninth Floor  
Oakland, California 94612  
510 836-6336

M David Kroot  
Lee C. Rosenthal  
John T. Nagle  
Polly V. Marshall  
Lynn Hutchins  
Karen M. Tiedemann  
Thomas H. Webber  
John T. Haygood

June 2, 2008

**VIA CERTIFIED MAIL & RETURN  
RECEIPT REQUESTED**

Greenfair Homeowners Association  
5501 Broadway  
Sacramento, CA 95820

Re: Greenfair Project, Broadway and Fairgrounds Drive, Sacramento, California

Dianne Jackson McLean  
Michelle D. Brewer  
Jennifer K. Bell  
Robert C. Mills  
Isabel L. Brown  
James T. Diamond, Jr.  
Margaret F. Jung  
Heather J. Gould

Dear Ladies and Gentlemen:

In our letter to you dated May 29, 2008, we set out the Housing Authority's offer to buy a portion of the Association's property in the Greenfair project. That letter indicated that the offer was set to remain open for thirty (30) days. Our client wanted to make sure the board of the Association had sufficient time to call a meeting to consider the offer. Therefore, please consider the offer in our May 29, 2008 letter revised so that it remains open for ninety (90) days. Now, failure to accept the offer within ninety (90) days will constitute a rejection of the offer.

Please contact me or Juliet Cox in our office to discuss if you have any questions about the offer.

William F. DiCamillo  
Juliet E. Cox  
Erica Williams Orchardton  
Amy DeVaudrevil  
Barbara E. Kautz  
Luis A. Rodriguez  
Xochitl Marquez  
Rafael Yaquitan

Sincerely,



LEE C. ROSENTHAL

LCR: kss

Facsimile  
510 836-1035  
San Francisco  
415 788-6336  
Los Angeles  
213 627-6336  
San Diego  
619 239-6336

cc: Ray Ashby  
Dana Phillips

Goldfarb & Lipman LLP



DANIEL E. ANGIUS†
PAUL P. TERRY, JR.†
BRADLEY J. EPSTEIN\*
JOHN J. STANDER\*
JULIE M. MOUSER
MICHAEL HARDY
MELISSA BYBEE‡
KEVIN C. CANTY
SUSANA C. CENDEJAS
ZER IYER
WILLIAM PAUL WRIGHT
DOMINIC H. PORRINO
JORY C. GARAVEDIAN ‡
SAM Y. CHON
TROY R. DICKERSON‡
MIKALAH RAYMOND LIVIAKIS

August 18, 2008

By email and U.S. Mail
lrosenthal@goldfarblipman.com

Lee C. Rosenthal
Goldfarb & Lipman
1300 Clay Street, Ninth Floor
Oakland, Ca 94612

†Also admitted
in Nevada and
Colorado

\*Also admitted
in Nevada

‡Admitted in
Nevada only

Re: Greenfair Homeowners Association
Housing Authority of the City of Sacramento
Offer to purchase Common Area and to deannex Lots

Dear Mr. Rosenthal:

The Association hereby requests a 90-day extension for the Association to respond to the City's offer to purchase Common Area and to deannex Lots from Greenfair. The Association's purpose for the extension is so that there is sufficient time for the Association to obtain an appraisal of the property. Accordingly, the Association accepts the City's statutory \$5,000 offer to contribute to the Association's expenses for the appraisal.

Also, as you are no doubt aware, a vote of the Greenfair Homeowners is necessary in order for the Association to accept an offer by the City to purchase Common Area. See the Association's CC&Rs, at Article 8, Section 3.

The Association looks forward to amicably arriving at an agreement.

Very truly yours,
ANGIUS & TERRY LLP

[Signature]
Bradley J. Epstein

cc: Board of Directors

1451 River Park Drive
Suite 285
Sacramento
California 95815
Telephone 916 567 1400
Facsimile 916 567 1401
Email law@angius-terry.com

Las Vegas
Reno
San Jose
Walnut Creek

**goldfarb  
lipman  
attorneys**

1300 Clay Street, Ninth Floor  
Oakland, California 94612  
510 836-6336

Attachment 8

August 26, 2008

via e-mail and u.s. mail

M David Kroot  
Lee C. Rosenthal  
John T. Nagle  
Polly V. Marshall  
Lynn Hutchins  
Karen M. Tiedemann  
Thomas H. Webber  
John T. Haygood  
Dianne Jackson McLean

Angius & Terry LLP  
1451 River Park Drive, Suite 285  
Sacramento, California 95815  
bepstein@angius-terry.com

Re: *Greenfair Project, Broadway & Fairgrounds Drive, Sacramento*

Dear Mr. Epstein:

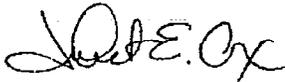
Michelle D. Brewer  
Jennifer K. Bell  
Robert C. Mills  
Isabel L. Brown  
James T. Diamond, Jr.  
Margaret F. Jung  
Heather J. Gould  
William F. DiCamillo  
Juliet E. Cox  
Erica Williams Orcharton  
Amy DeVaudreuil  
Barbara E. Kautz  
Luis A. Rodriguez  
Xochitl Marquez  
Rafael Yaquian

Thank you for your letter of August 18 asking the Sacramento Housing and Redevelopment Agency to hold open for an additional ninety days its May 29, 2008, offer to purchase certain real property interests from the Greenfair Homeowners Association. To permit the Homeowners Association to give SHRA's offer careful consideration, SHRA agrees to your request. SHRA will continue to hold its offer open until November 26, 2008. SHRA does not anticipate granting further extensions, however.

In accordance with section 1263.025 of the Code of Civil Procedure, SHRA will reimburse the Homeowners Association up to \$5,000 toward the cost of its own appraisal of the property in question. To receive this reimbursement after the Homeowners Association has incurred this expense, please forward to me the documentation showing that the Homeowners Association has obtained an appraisal of the property by a California licensed appraiser, and that the cost of this appraisal equals or exceeds \$5,000. I will then arrange for SHRA to remit payment either directly to you, or to the Homeowners Association, as you prefer.

Please contact me or Lee Rosenthal if you have any further questions about SHRA's offer. We look forward to working with you to bring this matter to a successful resolution.

Very truly yours,



JULIET E. COX

JEC:jec

cc: Ray Ashby, Dana Phillips, SHRA

Facsimile  
510 836-1035  
San Francisco  
415 788-6336  
Los Angeles  
213 627-6336  
San Diego  
619 239-6336

Goldfarb & Lipman LLP



DANIEL E. ANGIUS†  
 PAUL P. TERRY, JR.†  
 BRADLEY J. EPSTEIN\*  
 JOHN J. STANDER\*  
 JULIE M. MOUSER  
 MICHAEL HARDY  
 MELISSA BYBEE‡  
 KEVIN C. CANTY  
 SUSANA C. CENDEJAS  
 ZER IYER  
 WILLIAM PAUL WRIGHT  
 DOMINIC H. PORRINO  
 JORY C. GARAVEDIAN ‡  
 SAM Y. CHON  
 TROY R. DICKERSON‡

November 24, 2008

By email and U.S. Mail  
 jcox@goldfarblipman.com

Juliet E. Cox  
 Goldfarb & Lipman  
 1300 Clay Street, Ninth Floor  
 Oakland, Ca 94612

Re: Greenfair Homeowners Association  
 Housing Authority of the City of Sacramento  
 Offer to purchase Common Area and deannex Lots

Dear Ms. Cox:

We hereby inform you that, after much research, analysis, and meetings, the Association is unable to accept the City's offer to purchase the Common Area and deannex its Lots. Of course, the Association would like to cooperate fully with respect to the development of the Common Area and the City's Lots as part of the Greenfair Homeowners Association.

The primary reasons for the Association's decision are as follows. First, the sale of the Common Area and deannexation of Lots would seriously negatively impact the Association's financial health. This is because now is the worst time for the Association to sell land, with the real estate market at an all-time low.

Second, the City's offer shows that it was made based on the conclusion that Greenfair's Board was authorized to sell the Common Area and allow the deannexation of the City's Lots. However, that conclusion was incorrect. Rather, the unanimous written consent of the Greenfair Homeowners is necessary to sell the City the Common Area and allow the deannexation of the Lots. In particular, the Association's CC&Rs, at Article 8, Section 3, provide as follows:

1451 River Park Drive  
 Suite 285  
 Sacramento  
 California 95815  
 Telephone 916 567 1400  
 Facsimile 916 567 1401  
 Email law@angius-terry.com

Las Vegas  
 Reno  
 San Jose  
 Walnut Creek



Juliet E. Cox  
 Re: Greenfair Homeowners Association  
 November 24, 2008  
 Page 2

01 01-1 2258

- Section 3. Condemnation
- (A) Condemnation Affecting Common Area
- (i) Sale in Lieu

If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the unanimous written consent of all of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be available to the Board to establish and improve easements and roads over the Project as necessary to replace that portion of the Common Area which has been sold. Subject to Corporations Code 9724 the proceeds of the sale, if distributed, shall be distributed among the Lots on the same basis as their Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interests shall appear.

Consequently, the Board lacks the authority, without the approval of all Homeowners, to sell the Common Area to the City, and to allow the deannexation of the City's Lots.

In any event, it does not seem logical for the City to now attempt to buy or take through eminent domain, the Association's common area and to deannex its lots, due to the fact that SHRA has gone on record with the City Council that they are not even certain the developer initially chosen for the project is still interested. They have also stated that there is a real possibility that the entire lengthy Request for Qualification (RFQ) process will have to commence again.

Given the extreme glut of homes on the market in the Sacramento area and the worldwide economic crisis, it is in the best interest of the Association to postpone further negotiations until land values have made a demonstrated recovery so that the appraised value of its land would be more reflective of a healthy economy.

On behalf of the Association, the Board thanks the City for its offer, and hopes that as soon as the economic crisis resolves and the land market stabilizes, the City will agree to develop the Common Area and Lots within the Association.

Very truly yours,  
 ANGIUS & TERRY LLP

Bradley J. Epstein  
 cc: Board of Directors

(Sample)

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO  
NOTICE OF PUBLIC HEARING  
ON PROPOSED ADOPTION OF RESOLUTION  
AUTHORIZING ACQUISITION OF PROPERTY  
BY EXERCISE OF THE POWER OF EMINENT DOMAIN  
Greenfair Project  
(Code of Civil Procedure Section 1245.235)

February 10, 2009

HOA member name(s)  
Mailing address  
City State Zip

Dear Greenfair HOA member:

At its next regular meeting, scheduled for **Wednesday, February 18, 2009**, the Sacramento Housing and Redevelopment Commission (the "Commission") will consider whether or not to recommend to the Board of Directors of the Sacramento Housing Authority (the "Authority Board") that the Authority Board adopt a Resolution of Necessity to acquire certain property interests in the Greenfair development, located generally at Broadway and Fairgrounds Drive. **The Commission meeting will occur at 6:00 p.m., or as soon thereafter as the matter may be heard, at the Commission's meeting room, located off the ground floor lobby of 600 I Street in downtown Sacramento.**

Thereafter, the **Authority Board will conduct a hearing** on the proposed resolution in accordance with the provisions of Section 1245.235 of the Code of Civil Procedure. This hearing will occur **on March 10, 2009, beginning at 6:00 p.m., or as soon thereafter as the matter may be heard, at the City Council chambers on the ground floor of the new City Hall at 915 I Street in downtown Sacramento.** The purpose of this hearing is to receive information pertaining to the proposed Resolution, including the recommendation by the Commission, and to consider whether or not to adopt that Resolution.

Acquisition of these interests by the Housing Authority may be necessary for effective redevelopment of property within Greenfair already owned by the Housing Authority. **The enclosed map shows the approximate location of the property and of the project.** The Housing Authority has sent copies of this notice to the Greenfair Homeowners Association (the "HOA") and to its members.

March 10, 2009

Greenfair Common Area Resolution of Necessity

Attachment 10

**The HOA and its members may appear** at the Commission's February 18 meeting. In addition, the HOA and its members have the right to appear at the Authority Board's March 10 meeting. At each meeting, the HOA and its members may be heard on the matters specified in section 1240.030 of the Code of Civil Procedure and on any other matter material to the Authority Board's decision on the proposed Resolution. These matters include:

- whether the public interest and necessity require the proposed project;
- whether the proposed project is planned or located in the matter that will be most compatible with the greatest public good and the least private injury;
- whether the property is necessary for the proposed project; and
- whether the purchase offer required by section 7267.2 of the Government Code has been made.

**If you wish to be heard at the Authority Board meeting, please file a written request within fifteen (15) days from the date of this Notice.** Failure to notify the Authority in writing of your desire to be heard at the Authority Board meeting on March 10, 2009, may result in a waiver of your right to be heard at the meeting concerning the Resolution. You may **submit your written request to:** Gregory Ptucha, Management Analyst, Sacramento Housing and Redevelopment Agency, 630 I Street, 2<sup>nd</sup> floor, Sacramento, CA 95814.

If the Authority Board approves the proposed Resolution of Necessity, the timeline for commencement of eminent domain proceedings will begin. The Authority will take prompt steps to commence an eminent domain action and to obtain possession of the property at issue. Negotiations will continue, however, in hopes of resolving any disputes over the terms of the Authority's acquisition quickly and fairly.

**If you have any questions or concerns about this notice, please call Gregory Ptucha at (916) 440-1399, extension 1249 during normal business hours. Thank you.**

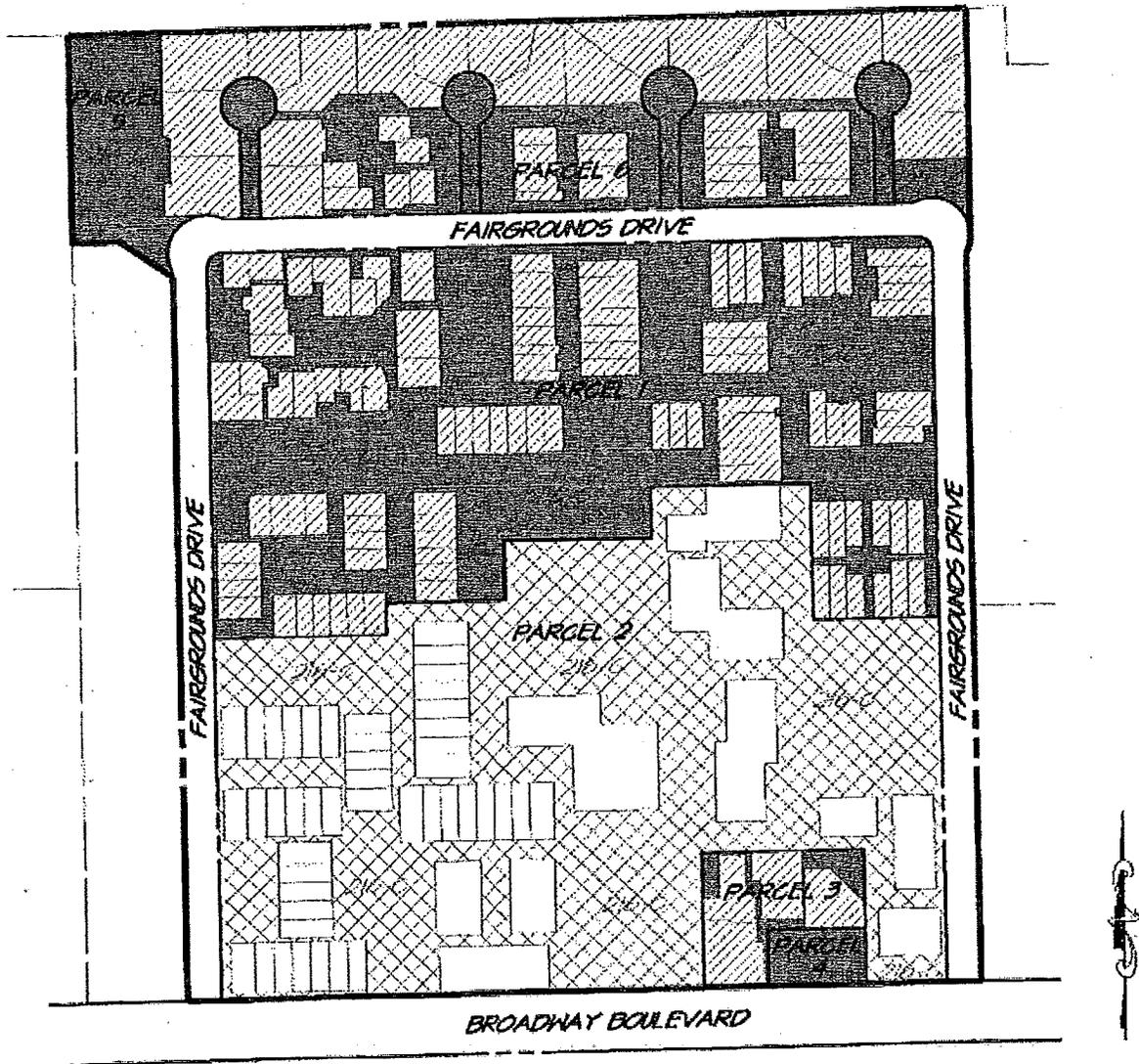
Sincerely,

Christine Weichert, Assistant Director, Housing and Community Development

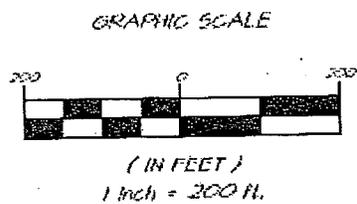
cc: Sharon Stevens, Greenfair HOA Property Manager, Kocal Management  
Bradley J. Epstein, Angius & Terry, LLP

Enclosure (map)

Greenfair Project: Proposed Acquisition and Remainder Area



-  PROPOSED ACQUISITION PARCELS
-  PROPOSED REMAINDER PARCELS
-  SHRA OWNED PARCELS



## **RESOLUTION NO. 2009 -**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

### **GREENFAIR COMMON AREA RESOLUTION OF NECESSITY**

#### **BACKGROUND**

- A. In September 2004, the Housing Authority of the City of Sacramento ("Housing Authority") acquired 152 vacant parcels in the common interest development known as "Greenfair," located generally at Broadway and Fairgrounds Drive in Sacramento. The Housing Authority acquired these parcels for nominal consideration from the United States Department of Housing and Urban Development.
- B. The Housing Authority subsequently acquired, from private sellers, six additional parcels improved with substandard housing units and demolished the improvements.
- C. The Sacramento Housing and Redevelopment Agency ("Agency") has paid almost \$800,000 in public funds to the Greenfair Homeowners Association since 2004 for Homeowners Association assessments pertaining to the Housing Authority's vacant parcels.
- D. In cooperation with one or more private entities, the Housing Authority intends to pursue a project on this site (the "Project"), consisting of between 200 and 400 units of new housing, at a density of 18 to 36 dwelling units per net acre.
- E. The Project is consistent with the Sacramento 2030 General Plan.
- F. The Project will serve the public interest by using the Housing Authority parcels in conformity with the Sacramento 2030 General Plan, and by providing new, high-quality infill housing on a site adjacent to existing housing, to business and to transportation corridors.
- G. Development of the Project will be impossible without incorporating into the Project additional land that surrounds the Housing Authority parcels and without extinguishing restrictions presently imposed upon use of those parcels by the Greenfair development's Covenants, Conditions and Restrictions ("CC&Rs").

Greenfair Common Area Resolution of Necessity

- H. The City of Sacramento has certified a Final Environmental Impact Report (the "Final EIR") for the Sacramento 2030 General Plan.
- I. The Housing Authority has conducted an Initial Study of the Project that has compared the Project with the Sacramento 2030 General Plan and the Final EIR for the Sacramento 2030 General Plan and has shown:
  - (a) No environmental effects from the Project peculiar to the Project or the site on which the Project would be located;
  - (b) No environmental effects from the Project that were not analyzed as significant effects in the Final EIR for the Sacramento 2030 General Plan;
  - (c) No potentially significant off-site impacts or cumulative impacts from the Project which were not discussed in the Final EIR for the Sacramento 2030 General Plan; and
  - (d) No substantial new information about significant effects from the Project that were analyzed in the Final EIR for the Sacramento 2030 General Plan, which new information was not known when the City of Sacramento certified the Final EIR for the Sacramento 2030 General Plan.
- J. The Agency has identified approximately 8.8 acres of undeveloped property (the "Acquisition Property") surrounding the Housing Authority parcels. When the Housing Authority parcels were improved with residences, the Acquisition Property served as lawn space, access and parking for these residences. The boundaries of the Acquisition Property have been drawn to permit flexibility in redevelopment of the Housing Authority parcels while preserving lawns, open space, access and parking for the existing Greenfair residences. Maps and legal descriptions of the five parcels that constitute the Acquisition Property are attached as Exhibit A to this resolution and are incorporated herein by this reference.
- K. Development of 200 and 400 units of new housing, at a density of 18 to 36 dwelling units per net acre, on a site composed of the Housing Authority parcels and the Acquisition Property, will not require elimination of sewer and water pipelines under the Acquisition Property that presently serve the existing Greenfair development, although such redevelopment may require relocation or reconfiguration of these pipelines.
- L. The Agency, through its counsel, engaged a qualified independent appraisal firm to determine a fair market value for the Acquisition Property and for the restrictions imposed by the CC&Rs on use of the Acquisition Property and the Housing Authority parcels.

Greenfair Common Area Resolution of Necessity

- M. The Housing Authority made a written offer in May 2008 to the Board of Directors of the Greenfair Homeowners Association (the "HOA") to purchase both the Acquisition Property and the Housing Authority's obligations under the CC&Rs for their fair market value, as determined by the Housing Authority's appraisal. The Housing Authority included with this purchase offer an offer to reimburse the
- N. HOA for appraisal costs if the HOA wished to obtain its own independent appraisal of just compensation. Upon request by the HOA, the Housing Authority left its offer open for 180 days.
- O. In November 2008, the HOA rejected the Housing Authority's offer to purchase the Acquisition Property.
- P. The Greenfair HOA appears on the last Sacramento County equalized assessment roll as the owner of the Acquisition Property, and is the beneficiary of the Greenfair CC&Rs. Written notice has been given to the Greenfair HOA, and to each of its members, offering an opportunity to appear and be heard before this Board on the following matters:
  - (a) Whether the public interest and necessity require the Project;
  - (b) Whether the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
  - (c) Whether the property sought to be acquired is necessary for the Project; and
  - (d) Whether the offer required by Section 7267.2 of the Government Code of the State of California has been made to the owner of record.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The foregoing recitals are true and correct.
- Section 2. The Housing Authority has authority under Section 34315 of the Health and Safety Code to acquire property through exercise of the power of eminent domain.
- Section 3. The public interest and necessity require a project (the "Project") consisting of redevelopment of the Housing Authority parcels within the Greenfair neighborhood with between 200 and 400 dwelling units, at a density of 18 to 36 dwelling units per net acre, in conformity with the Sacramento 2030 General Plan. The Project consists only and entirely of development in conformity with the Sacramento 2030 General Plan.

Greenfair Common Area Resolution of Necessity

- Section 4. To accomplish the Project, it is necessary for the Housing Authority to acquire the Acquisition Property (reserving to the HOA the right to maintain subsurface easements for sewer and water pipelines presently serving the Greenfair development, subject to relocation or reconfiguration of those pipelines if necessary in the future) and to extinguish the Greenfair CC&Rs as they apply to the Housing Authority's parcels and to the Acquisition Property.
- Section 5. The Project is planned and located in the manner that it will be most compatible with the greatest public good and the least private injury, because it will maximize flexibility in redevelopment of the Housing Authority parcels while minimizing the effect of the acquisition on the existing Greenfair development.
- Section 6. In accordance with Section 7267.2 of the Government Code, the Housing Authority has made a written offer of just compensation, based upon an appraisal, to the Greenfair HOA for the interests necessary for the Project.
- Section 7. After a reasonable opportunity to consider the Housing Authority's offer, the Greenfair HOA has rejected that offer.
- Section 8. Under Section 21083.3 of the Public Resources Code and Section 15183 of Title 14 of the California Code of Regulations, acquisition by the Housing Authority of the property interests necessary for the Project is exempt from further review under the California Environmental Quality Act because:
- (a) the Project will have no peculiar environmental effects that were not addressed in the Final EIR for the Sacramento 2030 General Plan; and
  - (b) the Project will have no significant environmental effects that were not previously analyzed in the Final EIR for the Sacramento 2030 General Plan as significant effects; and
  - (c) the Project will have no potentially significant cumulative or off-site effects that were not previously analyzed in the Final EIR for the Sacramento 2030 General Plan as significant effects; and
  - (d) There is no substantial new information that was not known when the City of Sacramento certified the Final EIR for the Sacramento 2030 General Plan and that concerns significant effects from the Project that are discussed in the Final EIR for the Sacramento 2030 General Plan.

Greenfair Common Area Resolution of Necessity

**Section 9.** While continuing to make every reasonable effort to expeditiously acquire the Acquisition Property and related interests under the Greenfair CC&Rs by negotiation, the Executive Director, or her designee, is authorized to institute and prosecute to conclusion an action in eminent domain to acquire the Acquisition Property (reserving to the HOA the right to maintain subsurface easements for sewer and water pipelines presently serving the Greenfair development, subject to relocation or reconfiguration of those pipelines if necessary in the future) and to extinguish the Greenfair CC&Rs as they apply to the Housing Authority's parcels and to the Acquisition Property. In addition the Executive Director, or her designee, is authorized to take any other related actions necessary or desirable for such purposes in accordance with California law.

**Table of Contents:**

Exhibit A: Maps and Legal Descriptions of Acquisition Property

5107008.0  
Greenfair Unit No. 1  
September 7, 2007

Exhibit A

**EXHIBIT A**

**LEGAL DESCRIPTION**

**PROPOSED PARCEL 1**

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

BEGINNING at the southeastern corner of said Lot 216-C, said corner also being on the western right of way line of Fairgrounds Drive; thence along said western right of way line, North 00°25'50" West, 481.09 feet to the TRUE POINT OF BEGINNING; thence leaving said western right of way line, South 89°34'10" West, 165.68 feet; thence North 00°25'50" West, 181.02 feet; thence South 89°34'10" West, 206.83 feet; thence South 00°25'50" East, 68.19 feet; thence South 90°00'00" West, 191.39 feet; thence South 00°00'00" West, 79.18 feet; thence South 89°34'10" West, 159.16 feet; thence South 00°25'50" East, 41.62 feet; thence South 89°34'10" West, 223.83 feet to the eastern right of way line of Fairgrounds Drive; thence along said eastern right of way line, North 00°25'50" West, 488.49 feet to the point on a curve to the right with radius 20.00 feet; thence along said curve 31.41 feet through a central angle of 89°59'47", to the point of tangency; thence along the south right of way line of Fairgrounds Drive, North 89°33'57" East, 907.48 feet to a point on a curve to the right with radius 20.00 feet; thence along the said curve 31.42 feet, through a central angle of 90°00'13", to the point of tangency; thence along the western right of way line of Fairgrounds Drive South 00°25'50" East, 482.02 feet to the TRUE POINT OF BEGINNING, containing an area of 5.58 acres, more or less.

EXCEPTING therefrom lots 1 to 79, 82 to 87, and 145 to 213 as shown on said map.

**END OF DESCRIPTION**



5107008.0  
Greenfair Unit No. 1  
September 7, 2007

Exhibit A

## EXHIBIT A

### LEGAL DESCRIPTION

#### PROPOSED PARCEL 3

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

BEGINNING at the southeastern corner of said Lot 216-C, said corner also being on the northern right of way line of Broadway Boulevard; thence along said northern right of way line, South 89°27'18" West, 233.99 feet to the TRUE POINT OF BEGINNING; thence along said northern right of way line the following courses: South 89°27'18" West, 74.54 feet and South 89°27'38" West, 8.72 feet; thence leaving said right of way line, North 00°25'50" West, 178.49 feet; thence North 89°34'10" East, 211.99 feet; thence South 00°25'50" East, 104.29 feet; thence South 89°34'10" West, 128.73 feet; thence South 00°25'50" East, 74.04 feet to the TRUE POINT OF BEGINNING, containing an area of 0.17 acres, more or less.

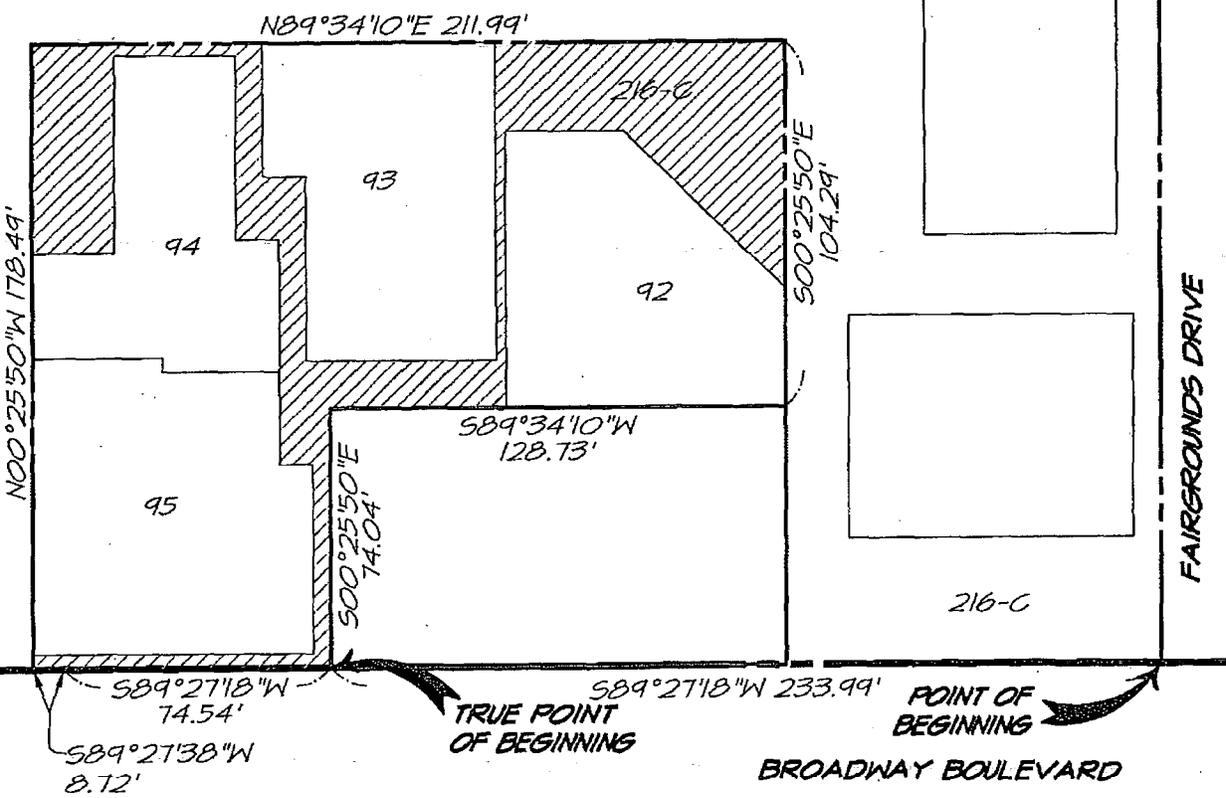
EXCEPTING therefrom lots 92 to 95, as shown on said map.

END OF DESCRIPTION

GRAPHIC SCALE



( IN FEET )  
1 Inch = 50 ft.



PREPARED BY:  
 RIECHERS SPENCE AND ASSOC  
 3350 WATT AVE. SUITE B  
 SACRAMENTO, CALIFORNIA 95821  
 RSA NO. 5107008.0

GREENFAIR UNIT NO. 1  
 PROPOSED PARCEL 3  
 BROADWAY BLVD AND FAIRGROUNDS DRIVE  
 CITY OF SACRAMENTO, CALIFORNIA

SCALE:  
 1"=50'  
 DATE:  
 09-07-07

5107008.0  
Greenfair Unit No. 1  
September 7, 2007

Exhibit A

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

#### **PROPOSED PARCEL 4**

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Lot 216-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records, and is more particularly described as follows:

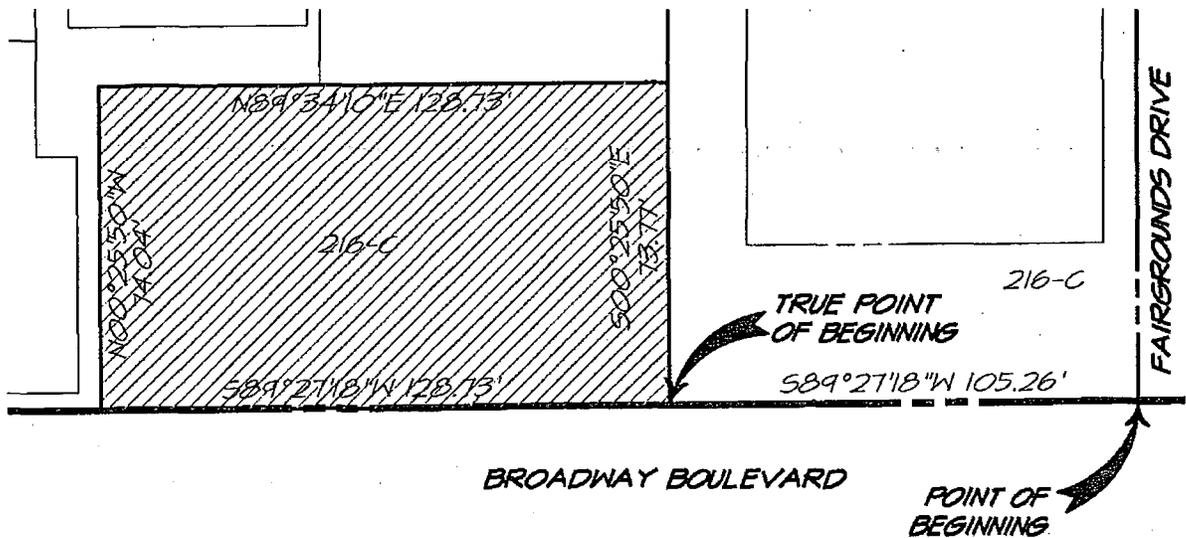
BEGINNING at the southeastern corner of said Lot 216-C, said corner also being on the northern right of way line of Broadway Boulevard; thence along said northern right of way line, South 89°27'18" West, 105.26 feet to the TRUE POINT OF BEGINNING; thence along said northern right of way line, South 89°27'18" West, 128.73 feet; thence leaving said right of way line, North 00°25'50" West, 74.04 feet; thence North 89°34'10" East, 128.73 feet; thence South 00°25'50" East, 73.77 feet to the TRUE POINT OF BEGINNING, containing an area of 0.22 acres, more or less.

**END OF DESCRIPTION**

GRAPHIC SCALE



( IN FEET )  
1 Inch = 40 ft.



PREPARED BY: RIECHERS SPENCE AND ASSOC 3350 WATT AVE. SUITE B SACRAMENTO, CALIFORNIA 95821 RSA NO. 5107008.0	GREENFAIR UNIT NO. 1 PROPOSED PARCEL 4 BROADWAY BLVD AND FAIRGROUNDS DRIVE CITY OF SACRAMENTO, CALIFORNIA	SCALE: 1"=40'
		DATE: 09-07-07

5107008.0  
Greenfair Unit No. 1  
September 7, 2007

Exhibit A

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

#### **EXISTING LOTS 214-C AND 215-C**

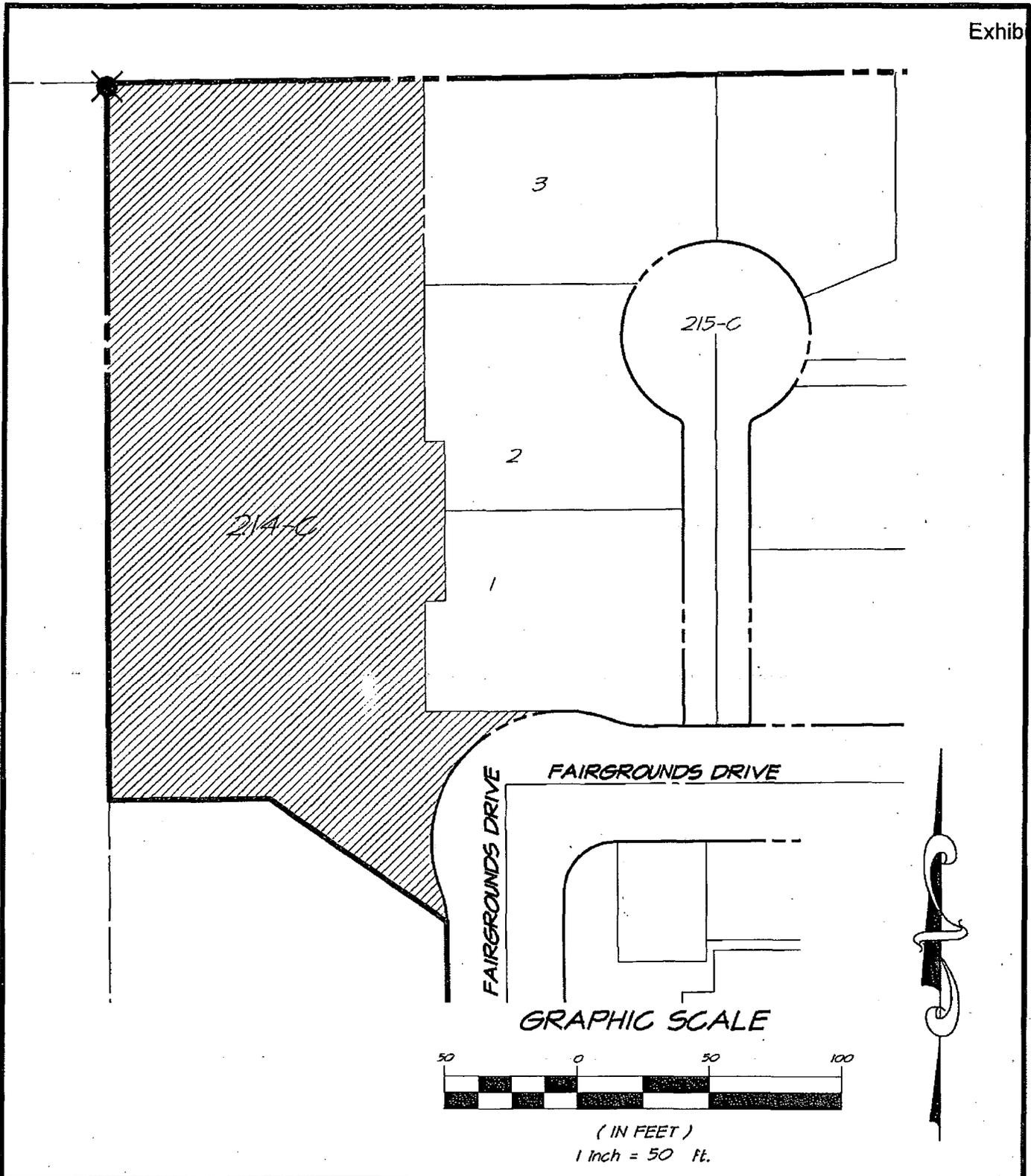
All that real property situated in the City of Sacramento, County of Sacramento, State of California, being Lot 214-C AND Lot 215-C as shown on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California," filed April 21, 1972, in Book 89 of Maps, Map No. 20, Sacramento County Records.

APN 011-0350-023

APN 011-0350-044

APN 011-0360-040

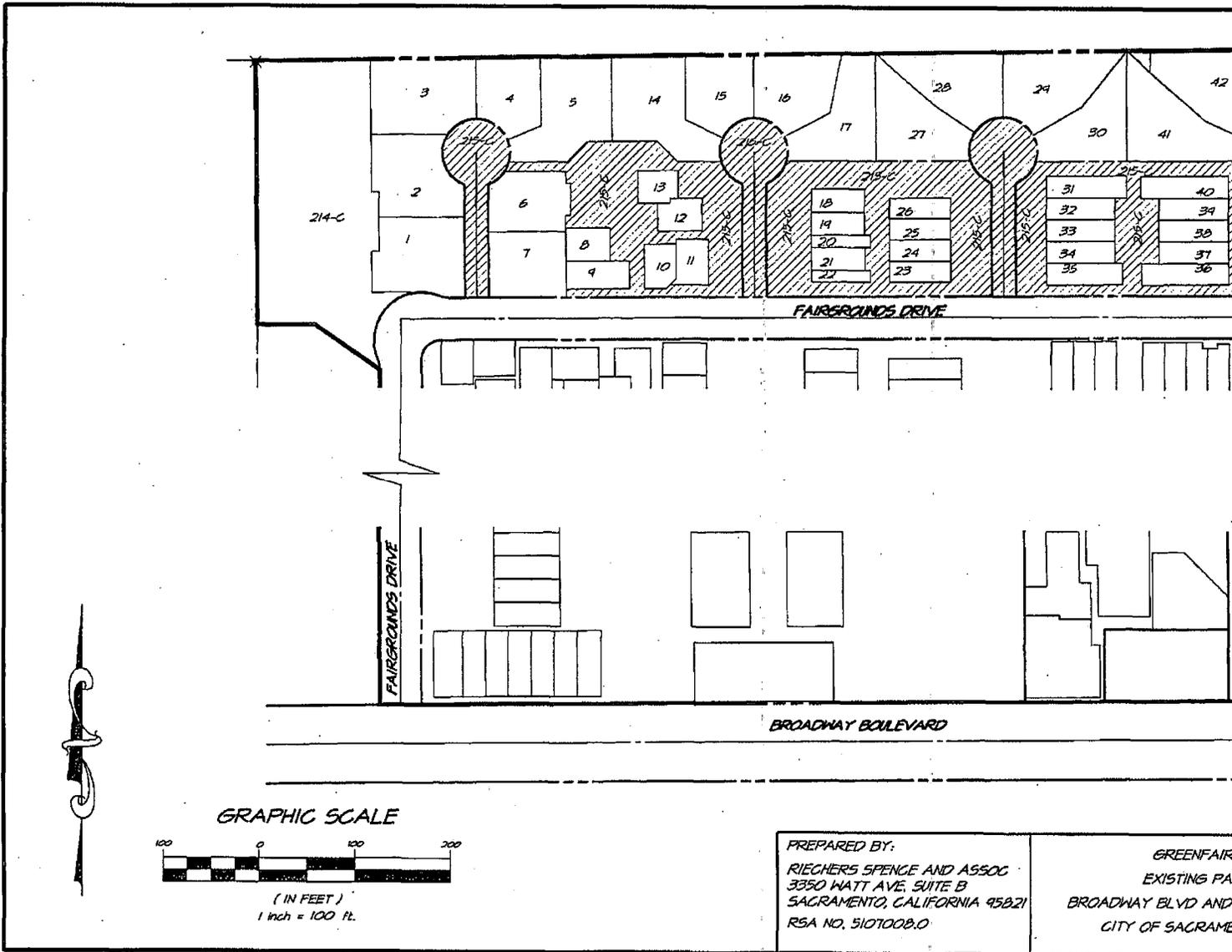
**END OF DESCRIPTION**



PREPARED BY:  
 RIECHERS SPENCE AND ASSOC  
 3350 WATT AVE. SUITE B  
 SACRAMENTO, CALIFORNIA 95821  
 RSA NO. 5107008.0

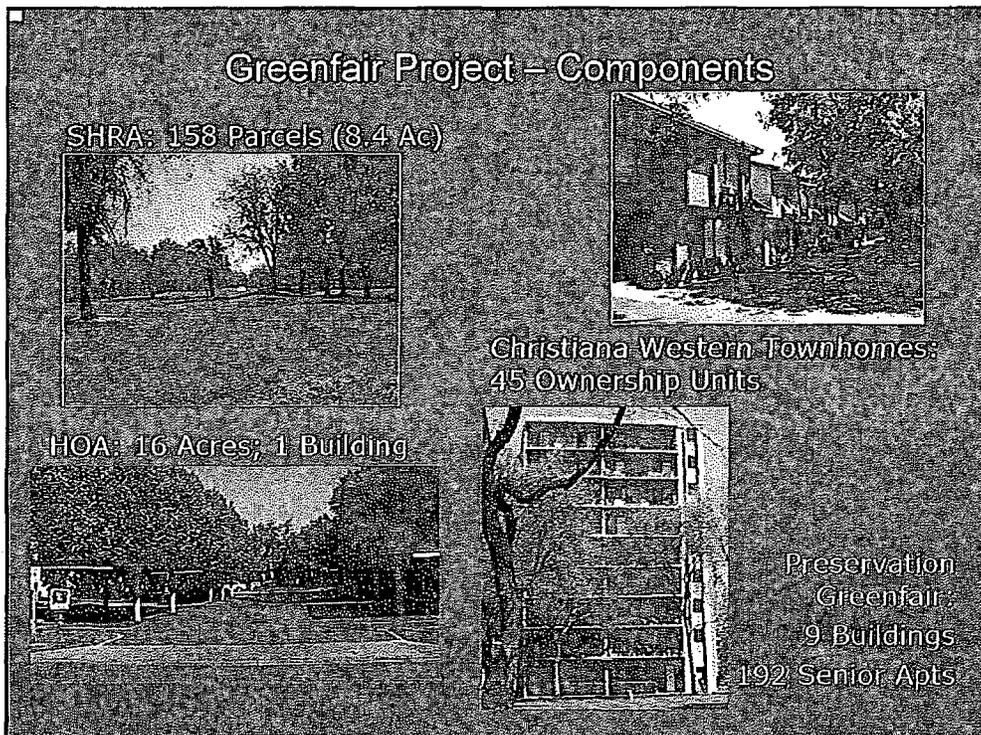
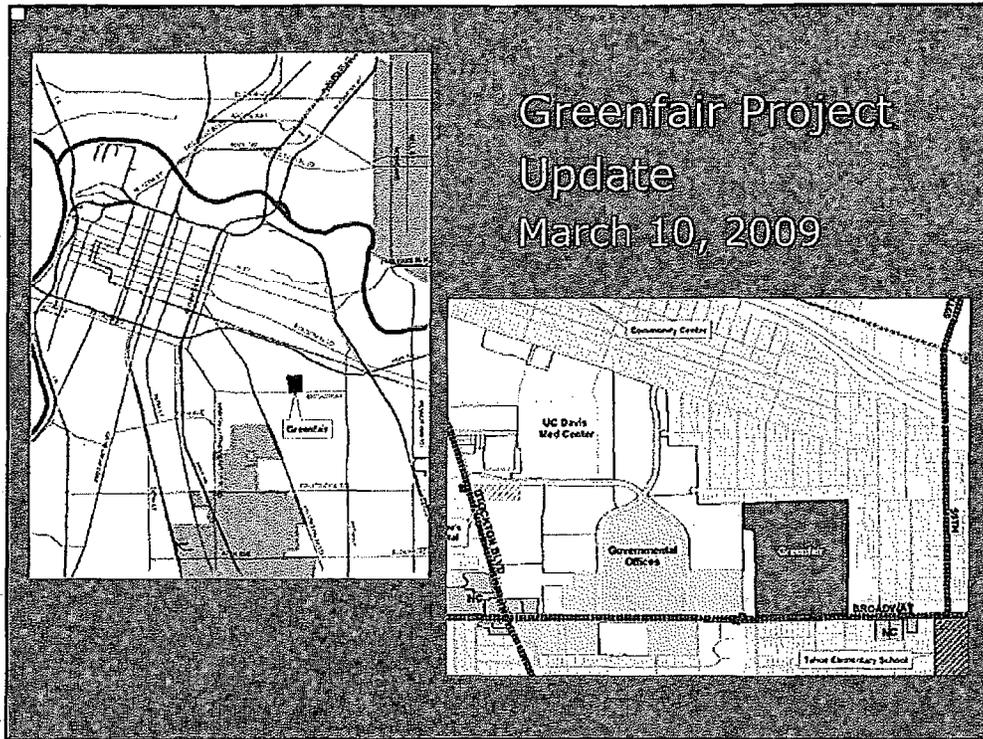
GREENFAIR UNIT NO. 1  
 EXISTING PARCEL 214-C  
 BROADWAY BLVD AND FAIRGROUNDS DRIVE  
 CITY OF SACRAMENTO, CALIFORNIA

SCALE:  
 1"=50'  
 DATE:  
 01-23-09



PREPARED BY:  
 RIECHERS SPENCE AND ASSOC  
 3350 WATT AVE, SUITE B  
 SACRAMENTO, CALIFORNIA 95821  
 RSA NO. 5107008.0

GREENFAIR  
 EXISTING PA  
 BROADWAY BLVD AND  
 CITY OF SACRAM



Designed in 28 pt font but printed in readable font size to conserve paper

### Greenfair Project – Key Events

2004 – 06  
SHRA purchased 158 parcels (170 units)

2004 – 05  
Community Visioning  
Developer ERN

2006 – 07  
Development team planning activities

### Proposed Acquisition Property & Offer

#### SHRA Options

- ◆ Re-build on lots as configured
- ◆ Acquire common area needed

The diagram is a detailed site plan of a residential development. It features a grid of lots, some of which are shaded to indicate specific acquisition or historical status. A legend at the bottom left defines these categories: hatched areas for 'NON-GRADED LAND ACQUISITION PROPERTIES', solid black for 'NON-GRADED LAND REVENUE PROPERTIES', white for 'SHRA PARCELS', stippled for 'EXISTING HISTORY STRUCTURES', and cross-hatched for 'SENIOR APARTMENTS'. A graphic scale at the bottom right shows a distance of 200 feet. The plan is labeled with 'BROADWAY BOULEVARD' at the bottom and 'PARCEL 2' in the center. A north arrow is also present.

Designed in 28 pt font but printed in readable font size to conserve paper

### Greenfair – Offer Period

#### May 2008

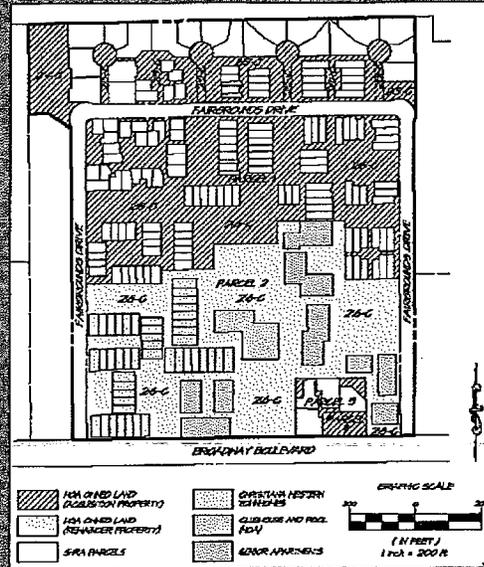
- Purchase authority approved
- Offer made to HOA

#### Aug 2008

- HOA extension request approved for appraisal

#### Nov 2008

- HOA rejects purchase offer



### Greenfair – Next Steps



- ◆ Resolution of Necessity