

RESOLUTION NO. 2010-512

Adopted by the Sacramento City Council

August 24, 2010

LA VALENTINA : AUTHORIZING THE DEFUNDING OF \$1,000,000 OF STATE HOUSING TRUST FUNDS AND \$200,000 OF CITY HOUSING TRUST FUNDS FROM LA VALENTINA, THE DEFUNDING OF \$1,200,000 OF CITY OF SACRAMENTO HOME INVESTMENT PARTNERSHIP FUNDS (HOME) FROM 7TH AND H, REALLOCATION OF \$1,000,000 OF STATE HOUSING TRUST FUNDS AND \$200,000 OF CITY HOUSING TRUST FUNDS TO 7TH AND H AND \$1,200,000 OF CITY OF SACRAMENTO HOME FUNDS TO LA VALENTINA; AN AMENDED LOAN COMMITMENT LETTER FOR CONSTRUCTION AND PERMANENT FINANCING WITH 12TH STREET PARTNERS, L.P. FOR THE DEVELOPMENT OF THE LA VALENTINA PROJECT

BACKGROUND

- A. On August 11, 2009, the Redevelopment Agency of the City of Sacramento and City Council approved a Seven Million Thirty Five Thousand Dollar (\$7,035,000) loan comprised of Two Million Seven Hundred Thirty-Five Thousand Dollars (\$2,735,000) in City Housing Trust Fund (City HTF), Two Million Dollars (\$2,000,000) in State Housing Trust Fun (State HTF), One Million Six Hundred Thousand Dollars (\$1,600,000) in Alkali Flat Tax Increment Funds (Alkali Flat TI) and Seven Hundred Thousand Dollars (\$700,000) in City HOME Funds, and associated budget amendments to assist in funding the costs of construction and permanent financing of the La Valentina Project (Project) and authorized the Sacramento Housing and Redevelopment Agency (Agency) to execute and transmit a loan commitment to 12th Street Partners (Developer).
- B. On March 02, 2010, the La Valentina Project obtained City Council approval to decrease the State HTF by One Million Dollars (\$1,000,000), and to increase the allocation of City HTF by One Million Dollars (\$1,000,000).
- C. The Agency is requesting to exchange One Million Dollars (\$1,000,000) of State HTF and Two Hundred Thousand Dollars (\$200,000) of City HTF from La Valentina for One Million Two Hundred Thousand Dollars (\$1,200,000) of City HOME Funds which is to be defunded from the 7th and H Project. This action will result in a total allocation for La Valentina of One Million Nine Hundred Thousand Dollars (\$1,900,000) of City HOME Funds, Three Million Five Hundred Thirty Five Thousand Dollars (\$3,535,000) of City HTF, and One Million Six Hundred Thousand Dollars (\$1,600,000) of Alkali Flat Low Moderate Housing Funds.
- D. The La Valentina Project qualifies for City HTF and HOME Funds under Agency guidelines and would be an appropriate use of these funds.
- E. A report under Health and Safety Code 33433 has been prepared, filed with the Agency Clerk and duly made available for public review, a copy of which report ("33433 Report") is attached as Exhibit A and incorporated in this resolution by this

reference. Proper notice has been given and a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

- F. Pursuant to California Health and Safety Code § 33433, the City Council finds that the sale of the property for the Residential Project at fair market value will be beneficial to project areas within the City's jurisdiction.
- G. The proposed action consists of the reallocation of state and local funds from one project, which required individual review under CEQA, to another program which also required individual review under CEQA. The "La Valentina Station: Rezone, Plan Review, Special Permit, and Variances," which includes the negative declaration and mitigation measures for this project, was adopted by the City of Sacramento on March 24, 2009. The action of reallocating funding does not constitute a separate project under CEQA and no further environmental review is required pursuant to CEQA Guidelines §§ 15162 or 15163.
- H. These specific actions are exempt under National Environmental Policy Act(NEPA) regulations at 24 CFR Section 58.34(a) (2) and (3), which exempt information and financial services and administrative and management activities respectively. Environmental review for the La Valentina project pursuant to NEPA is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The above recitals are found to be true and correct.
- Section 2. The statements and findings of the 33433 Report are true and correct and are hereby adopted. The Project will assist in the elimination of blight as provided in the 33433 Report.
- Section 3. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan, as stated in the DDA.
- Section 4. The Property is to be granted to the Developer, conditionally on satisfactory completion of the Project. The consideration given for the interest conveyed under the DDA is One Million Six Hundred Ten Thousand Dollars (\$1,610,000).
- Section 5. The sale of this Property, as described above, is approved.
- Section 6. The Agency is authorized to defund One Million Two Hundred Thousand Dollars (\$1,200,000) in City HOME Funds from the 7th and H Project.
- Section 7. The Agency is authorized to amend the budget to transfer of up to an additional One Million Two Hundred Thousand Dollars (\$1,200,000) in City HOME Funds to the La Valentina Project, for a total of One Million Nine Hundred Thousand Dollars (\$1,900,000) in HOME Funds.

- Section 8. The Agency is authorized to defund One Million Dollars (\$1,000,000) in State HTF and Two Hundred Thousand Dollars (\$200,000) in City HTF from the La Valentina Project.
- Section 9. The Agency is authorized to amend the budget to transfer up to an additional One Million Dollars (\$1,000,000) in State HTF and Two Hundred Thousand (\$200,000) of City HTF to the 7th and H Project.
- Section 10. The amended Loan Commitment Letter, attached as Exhibit B and incorporated in this resolution by this reference, for financing the Project with Three Million Five Hundred Thirty Five Dollars (\$3,535,000) in City HTF (for a total of up to Seven Million Thirty Five Thousand Dollars [\$7,035,000], including One Million Six Hundred Thousand Dollars [\$1,600,000] in Alkali Flat Tax Increment Funds, and One Million Nine Hundred Thousand Dollars [\$1,900,000] in City Home Investment Partnership Program), is approved, and the Agency is authorized to execute and transmit the Amended Loan Commitment to the Developer.
- Section 11. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions and restructuring of such a loan.
- Section 12. The Agency is authorized to make technical amendments to said documents with approval of Agency Counsel, which amendments are in accordance with the amended Loan Commitment, with Agency policy, with this resolution and with good legal practices for making of such a loan.

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Exhibit A – Report under Health and Safety Code Section 33433

Exhibit B – Loan Commitment Letter

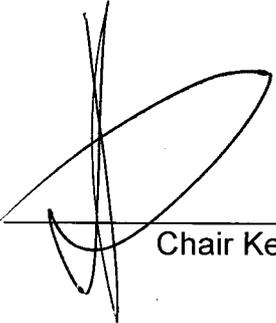
Adopted by the Redevelopment Agency of the City of Sacramento on August 24, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Chair Kevin Johnson

Attest:


Shirley Concolino, Secretary

Exhibit A

**Report Regarding the Disposition of Property Acquired Directly or Indirectly
with Tax Increment Funds (Health & Safety Code Section 33433)**

I. Agreement(s)

A copy of the Disposition and Development Agreement (DDA) disposing of interest in Agency real property follow as Attachment 8A.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	771,858
Commissions	0
Closing Costs	--
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	--
Improvement Costs (e.g. utilities or foundations added)	--
Other Costs	--
TOTAL	\$771,858

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$1,610,000

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$1,610,000
VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$1,610,000

III. Elimination of Blight

The subject site is located within the boundaries of the Alkali Flat Redevelopment Area. The proposed project is consistent with the Alkali Flat Implementation Plan goal to develop a mixed-use/transit oriented development which will eliminate factors hindering economically viable use and eliminate an underutilized blighted parcel. It also meets the following goals in the Alkali Flat Redevelopment Plan: provide safe, decent, adequate and sanitary housing through the development of a mixture of housing types for all income groups; and maximize private participation and investment in the redevelopment effort. On March 31, 2009, the City Council and the Redevelopment Agency of the City of Sacramento approved the use of tax increment revenues from the Alkali Flat Tax Increment Fund for the purpose of developing this mixed-use, transit-oriented development, which would contribute to the elimination of blighting influences and the lack of affordable housing in the area.

September 01, 2010

Meea Kang
12th Street Partners, LP
594 Howard Street, Suite 204
San Francisco, CA 94105

RE: Conditional Funding Commitment, La Valentina

Dear Ms. Kang,

On behalf of the Sacramento Housing and Redevelopment Agency and the Redevelopment Agency of the City of Sacramento (collectively "Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from \$3,535,000 in the City Housing Trust Fund ("City HTF"), \$1,600,000 in Alkali Flat Project Area Tax Increment Funds ("TI"), and \$1,900,000 in City Home Investment Partnership Program ("HOME") for the purpose of financing the development of that certain real property located on the east side of 12th Street between the C Street Alley and E Street in Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

This Loan Commitment shall supersede and replace the prior Loan Commitment dated March 15, 2010. The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire on December 31, 2010.

1. PROJECT DESCRIPTION: The project is the new construction of mixed-use, transit-oriented development. The property is located on two sites along the east side of 12th Street between the C Street Alley and E Street, at assessor's parcel numbers 002-0082-016, 002-0082-024, 002-0121-027, 002-0121-032, 002-0121-034, 002-0121-036, 002-0121-038. The south site, located between D Street and E Street, will contain a community room and at least 5,000 square feet of commercial space on the ground floor and 63 units of affordable rental housing on the second, third, and fourth floors. The north site, located between the C Street Alley and D Street, will contain 18 units of townhome-style rental units. Between the two sites, at least sixty-four (64) units will be affordable to families earning less than 50 percent of the area median income or less, and all of the remaining units, with the exception of the unrestricted manager's unit, will be affordable to families earning less than 60 percent of the area median income.
2. BORROWER: The name of the Borrower for the Loan is 12th Street Partners, LP.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Seven Million Thirty Five Thousand Dollars (\$7,035,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value.
5. TERM OF LOAN: The Loan shall mature 55 years from the date of the first disbursement.
6. INTEREST RATE: The Loan shall bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. AMORTIZATION: Loan shall amortize as permitted by monthly payments.
8. MONTHLY PAYMENT: Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal. Interest and principal payments shall be deferred from the date of the loan for the first 204 months. Beginning in month 205, monthly installments shall be made according to the following schedule:

Months 205-216	\$ 5,017 monthly
Months 217-228	\$ 5,225 monthly
Months 229-240	\$ 5,426 monthly

Months 241-252	\$ 5,619 monthly
Months 253-264	\$ 5,803 monthly
Months 265-276	\$ 5,978 monthly
Months 277-288	\$ 6,142 monthly
Months 289-300	\$ 6,295 monthly
Months 301-312	\$ 6,436 monthly
Months 313-324	\$ 6,565 monthly
Months 325-336	\$ 6,680 monthly
Months 337-348	\$ 6,781 monthly
Months 349-360	\$ 6,866 monthly
Months 361-372	\$ 6,935 monthly
Months 373-384	\$ 6,986 monthly
Months 385-396	\$ 25,334 monthly
Months 397-408	\$ 25,410 monthly
Months 409-420	\$ 25,466 monthly
Months 421-432	\$ 25,501 monthly
Months 433-444	\$ 25,515 monthly
Months 445-456	\$ 25,505 monthly
Months 457-468	\$ 25,470 monthly
Months 469-480	\$ 25,408 monthly
Months 481-492	\$ 25,319 monthly
Months 493-504	\$ 25,200 monthly
Months 505-516	\$ 25,050 monthly
Months 517-528	\$ 24,867 monthly
Months 529-540	\$ 24,649 monthly
Months 541-552	\$ 24,394 monthly
Months 553-564	\$ 24,100 monthly
Months 565-576	\$ 23,765 monthly
Months 577-588	\$ 23,387 monthly
Months 589-600	\$ 22,963 monthly
Months 601-612	\$ 22,491 monthly
Months 613-624	\$ 21,969 monthly
Months 625-636	\$ 21,393 monthly
Months 637-648	\$ 20,762 monthly
Months 649-660	\$ 20,072 monthly
Months 661-672	\$ 19,320 monthly
Months 673-683	\$ 18,504 monthly
Month 684	All outstanding principal and interest due and payable

9. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$3,535,000 in City HTF, \$1,600,000 in TI, and \$1,900,000 in HOME. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the

requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a first lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
13. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
14. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$11,853,328 in Low Income Housing Tax Credit Equity and no less than \$379,000 in deferred developer fee.
15. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the

following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

(a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

(b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.

(c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

(d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

16. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's

approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

23. ENVIRONMENTAL REVIEW: HOME funds shall not be disbursed prior to the completion of environmental review pursuant to the National Environmental Policy Act.
24. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost

certification, the projected final sources of funding, and the original approved budget for the project.

25. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than November 15, 2010.
26. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than December 31, 2012.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: Bodily injury liability of \$1,000,000 each occurrence and \$5,000,000 Aggregate, Products and Completed Operations; Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$5,000,000 aggregate; Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$5,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
29. TITLE INSURANCE: Borrower must procure and deliver to Agency a 1970 or 1987 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
34. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
35. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include security patrol if necessary.
36. SOCIAL SERVICES PLAN: Borrower shall provide Agency with a detailed social services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 15 hours per week, including a minimum of 8 hours per week of after school activities; 3) a description of the programs to be offered, and; 4) a proforma social services budget.

37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

LaShelle Dozier
Executive Director

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

LaShelle Dozier
Executive Director

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:
12th Street Partners, LP

By: _____
Meea Kang