



**REPORT TO THE COUNCIL
AND REDEVELOPMENT AGENCY 15**
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Public Hearing
November 9, 2010

Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency

Title: Approval of a Disposition and Development Agreement (DDA) and Financing for the Broadway/Martin Luther King Jr. Boulevard (MLK) Development Site

Location/Council District: Broadway and Martin Luther King Jr. Boulevard, Oak Park Redevelopment Area, Council District 5

Recommendation: Conduct joint public hearings as required under Health and Safety Code § 33431 and 33433 for the proposed negotiated sale of Agency-owned real estate, and upon completion adopt 1) a **City Resolution** a) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to allocate up to \$1,580,000 in City Home Investment Partnership Program (HOME) funds to finance the project at Broadway and Martin Luther King Jr. Boulevard (Project); b) authorizing SHRA to amend the budget to transfer \$1,580,000 in HOME funds to the project; and c) authorizing SHRA to enter into a loan commitment and loan agreement for up to \$5,325,000 with The Related Companies of California, LLC or related entity (Developer); and 2) a **Redevelopment Agency Resolution** a) authorizing the Executive Director to convey the land to the Developer; b) authorizing the Executive Director to enter into a Disposition and Development Agreement (DDA) and related documents with the Developer; c) authorizing the Executive Director to amend the budget and to execute a seller carry-back loan of up to \$728,000; d) authorizing the Executive Director to amend the budget to transfer \$2,376,800 in 2005 Oak Park Taxable Tax Allocation Revenue Bonds (TARB), \$525,000 in Oak Park Tax Increment (Oak Park TI), and \$843,200 in Aggregated

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

Low/Moderate Tax Increment fund (Aggregated Low/Mod TI) comprised of \$839,400 advanced from Oak Park Tax Increment (TI) to the project; e) authorizing the Executive Director to advance the Oak Park TI; f) authorizing the Executive Director to enter into a loan commitment and loan agreement for up to \$5,325,000 with the Developer, of which \$260,000 will be used for a predevelopment loan; and g) authorizing the Executive Director to execute a predevelopment loan agreement and related documents with the Developer.

Contact: Christine Weichert, Assistant Director, Housing and Community Development, 440-1353; Jeree Glasser-Hedrick, Redevelopment Program Manager, Housing and Community Development, 440-1302

Presenters: Bernadette Austin, Housing Finance Analyst

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Redevelopment Agency of the City of Sacramento (Agency) owns six parcels of vacant land, totaling approximately 1.3 acres at the intersection of Broadway and Martin Luther King, Junior Boulevard (MLK) in the Oak Park Redevelopment Project Area. This site will be developed into a mixed-use development which will include affordable senior apartments with ground floor commercial space. Additional background is provided in Attachment 1, a Vicinity Map is provided in Attachment 2, and a Site Map is provided in Attachment 3.

On November 17, 2009, the Agency authorized an Exclusive Right to Negotiate (ERN) with The Related Companies of California, LLC (Developer), a successful developer of affordable housing throughout the state, to develop a residential and commercial mixed-use project. The Developer has worked diligently with Agency staff and community members to design and financially structure the project in its current form.

The Agency proposes to sell the vacant parcels to the Developer through a Disposition and Development Agreement (DDA). The Agency will retain a seller carry-back note on the land for the appraised value of \$728,000. The Developer requests a Construction and Permanent Financing Loan of \$5,325,000 for the development of the Project. Details about the project are included in the Project Summary in Attachment 4, a Cash Flow Proforma is included as Attachment 5, and a summary of Maximum Rents and Incomes is included as Attachment 6.

Policy Considerations: The recommended action supports the Oak Park Redevelopment Area Five-Year Implementation Plan, specifically the strategies and programs that promote quality infill housing development and mixed-use developments, which includes the Broadway/MLK Development project. The Strategy is consistent with the goals of the Broadway/Stockton Urban Design Plan and the Martin Luther King Streetscape and Urban Design Master Plan.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

This report recommends the sale of Agency-owned land for the development of a mixed use residential and retail project. The proposed financing for the Residential Project conforms with the Sacramento Housing and Redevelopment Agency's Multifamily Lending and Mortgage Revenue Bond Policies with the following exceptions: adjusting of the income and expense inflators, extension of the loan term to 55 years, and waiving the loan amount requirement in order to make the project more competitive for the nine percent tax credit funding.

Environmental Considerations:

California Environmental Quality Act (CEQA): The Project was analyzed by the City of Sacramento in accordance with the California Environmental Quality Act (CEQA), and a Categorical Exemption was prepared pursuant to CEQA Guidelines Section 15332. The Notice of Exemption was adopted and the Project was approved by City Planning Commission on September 23, 2010. The proposed actions delegating authority to enter into loan agreements, with and transfer the property to the project applicant do not constitute a new project or substantive changes or modifications to the project as previously analyzed. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines Section 15162 or 15163.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following policy: (1) the project supports Focus Area 3 – Air Quality, specifically by reducing the number of commute trips by single occupancy vehicles and reducing vehicle miles traveled, and (2) Focus Area 6 – Urban Design, Land Use, Green Building and Transportation, by reducing dependence on private automobiles due to the close proximity of the project to Regional Transit bus stops.

Other: Environmental review for the Broadway/MLK Development project pursuant to the National Environmental Policy Act (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. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

Committee/Commission Action: *Oak Park Redevelopment Advisory Committee (RAC):* At its meeting on October 13, 2010, the RAC approved the staff recommendation for this item. The votes were as follows:

AYES: Terrence Johnson, Mellissa Meng, Kathleen Johnson, David Lambertson, Leoma Lee, Charles Mason

NOES: Dana Kivel

ABSTENTIONS: Judith Hollins

ABSENT: Ronald Shrewsbury, Lorcan Barnes, Mark Rentz

Sacramento Housing and Redevelopment Commission: At its meeting on October 20, 2010, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Fowler, Gore, Morgan, Morton, Rosa, Stivers

NOES: None

ABSENT: Johnson, Otto, Shah

Rationale for Recommendation: The actions proposed in this report will enable construction on this mixed-use development. The approved project is designed to achieve goals of the Oak Park Redevelopment Plan. In addition, the actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Financial Considerations:

Staff recommends approval of:

- An acquisition loan in the amount of \$728,000 which will be repaid through seller carry-back financing.
- A predevelopment loan in the amount of \$260,000 from Oak Park 2005 Taxable TARB. The predevelopment loan will be repaid from the permanent loan funds.
- An advance of \$839,400 of Oak Park Tax Increment funds to the Aggregated Low/Mod fund which will be repaid with City Low/Mod Aggregated TI.
- A permanent construction loan of \$5,325,000 comprised of the following:
 - \$2,376,800 of Oak Park 2005 Taxable TARB funds
 - \$ 525,000 of Oak Park Tax Increment funds
 - \$ 843,200 of City Low/Mod Aggregate funds
 - \$1,580,000 of City HOME funds

November 9, 2010

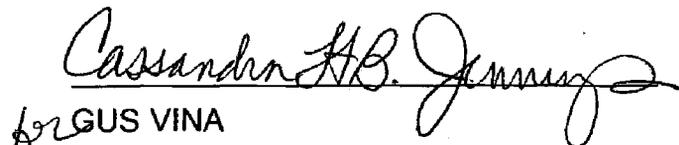
Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

The predevelopment loan and construction and permanent financing loan will be repaid with interest. Seller carry-back loan agreement, predevelopment loan agreement, and a loan commitment letter are included as exhibits.

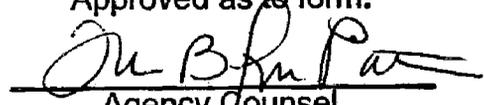
M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding.

Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

Recommendation Approved:


GUS VINA
Interim City Manager

Approved as to form:


Agency Counsel

APPROVED AS TO FORM:

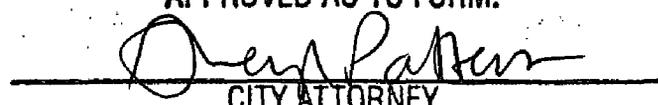

CITY ATTORNEY

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Background

Description of Development: The Redevelopment Agency of the City of Sacramento (Agency) owns vacant land at the intersection of two major corridors, Broadway and Martin Luther King, Junior Boulevard (MLK), in the Oak Park Redevelopment Project Area. The Sacramento Housing and Redevelopment Agency (SHRA) is working to develop a mixed-use project on the site which will consist 3,762 square feet of ground floor commercial space, 56 affordable senior apartments and amenities such as a barbeque, a garden area, a fitness center, and a library/theater. The currently proposed mixed-use senior development will complement other efforts underway in the area such as the recently completed streetscape improvements along Broadway and the planned Broadway/MLK intersection improvements and MLK Streetscape (Phase 1) improvements.

This high profile intersection has the potential to play a significant visual and economic role in this neighborhood. Recognizing the importance of this development, The Related Companies of California LLC (Developer) has worked diligently with staff and community members to design and financially structure the project. In addition to working closely with City and SHRA staff, Developer has held three public community meetings and met with the Oak Park Redevelopment Advisory Committee (RAC) five times. The project has been reviewed by the Planning Commission, Design Review Commission, and Sacramento Housing and Redevelopment Commission.

Total Project Cost: The proposed development will be able to leverage approximately \$8,000,000 in federal Low Income Housing Tax Credit equity with the requested Agency loan. The total project costs are approximately \$14,000,000. Additional details on the sources and uses of the financing are included as Attachment 4.

History: SHRA sent out a Request for Proposals (RFP) in 2004 and selected a developer to pursue development of the site. The developer's proposal included affordable apartments, market-rate for-sale town-homes, and retail space. The Agency entered into an Exclusive Right to Negotiate Agreement (ERN) in 2005 and extended it in 2006 with the selected developer. Following a period of community outreach the developer requested entitlements from the City Planning Department. After prolonged discussions, the developer was unable to perform satisfactorily and SHRA terminated the negotiations in 2008.

Subsequently, SHRA pursued development proposals with The Related Companies of California LLC, a successful developer of affordable housing throughout the state. The company responded to the original RFP in 2004 and at that time was selected as the alternate developer. In November 2009 the Agency entered into an Exclusive Right to Negotiate (ERN) with Related. The terms of the ERN dictated a period for SHRA and Developer to negotiate the terms of a Disposition and Development Agreement (DDA). The DDA and associated loan documents are included as attachments to this staff report.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

Developer: The Related Companies of California LLC was formed in 1989 to focus on the development of multifamily housing in California. Since its inception, Developer has developed over 6,000 units of housing in California, including properties in San Francisco, Oakland and San Jose along with numerous developments throughout Southern California. The company's projects include a 487-unit 39-story high-rise apartment development in downtown San Francisco that is the tallest residential building in the city. Their projects are managed by an affiliated entity, Related Management Company, which is an experienced manager of affordable and market-rate housing projects and commercial space. Developer is proposing to work with All Nations Church to facilitate resident services at the site. The Church is located across the street from the site and has strong ties to the community.

Property Management: Property management will be provided by The Related Management Company.

Resident Services: Developer will be required to provide a minimum of 15 hours per week of resident services. Resident services will be provided by Project Access, Inc. in partnership with the All Nations Church of God in Christ, a neighborhood church operating directly across from the project site. Project Access, Inc. provides resident services at 33 family and senior resource centers, including 15 in Northern California.

Security: Developer will be required to provide a security camera system approved by the SHRA and lighting adequate to properly illuminate all common spaces. In addition, Developer has included funding for security patrol.

Financing: Developer proposes a permanent financing structure in which the project is funded with nearly \$8,000,000 in equity generated by the sale of federal 9% Low Income Housing Tax Credits (LIHTCs). This funding would be leveraged by an Agency acquisition loan consisting of \$728,000 in seller carry-back financing and a construction loan consisting of \$1,580,000 in City Home Investment Partnership Program (HOME) funds; \$843,200 of City Low/Mod Aggregate funds (Low/Mod TI), \$525,000 in Oak Park Tax Increment Funds (Oak Park TI), and \$2,376,800 in 2005 Oak Park Low/Moderate Tax Allocation Revenue Bonds (TARB) . Developer will apply for LIHTCs in March 2011. If Developer is successful in receiving LIHTCs, construction on the property could begin in late 2011.

The Agency will additionally provide a bridge loan of \$260,000 for predevelopment expenses which will be repaid from construction financing.

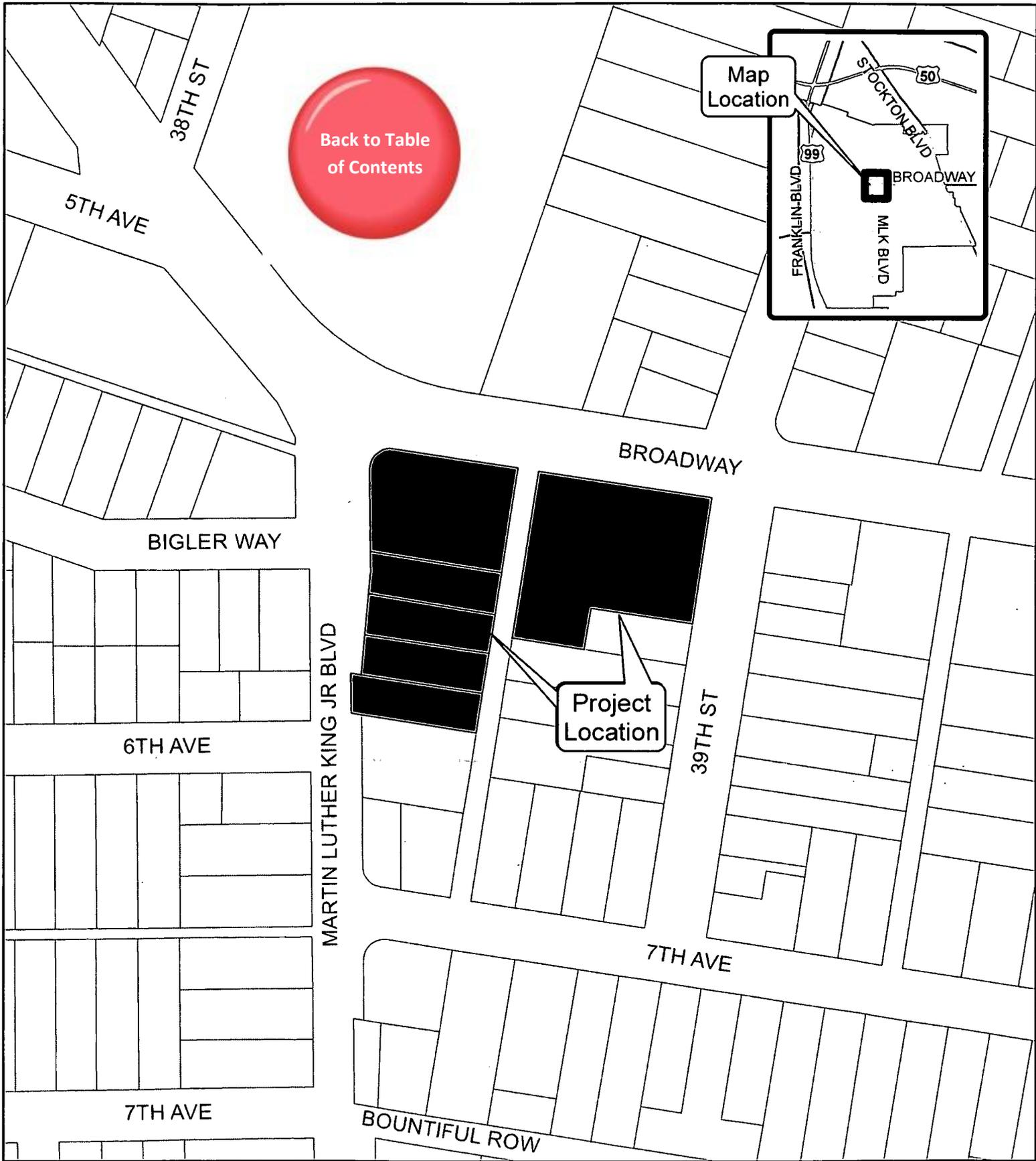
The Agency will retain a seller carry-back note for the land acquisition for the appraised value of \$727,482. The note will have the same term as the Agency loan, and the principle will be due in full and payable on the maturity date.



Broadway / MLK



Map Location

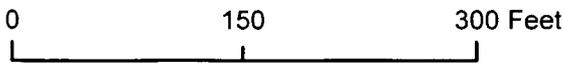


Project Location



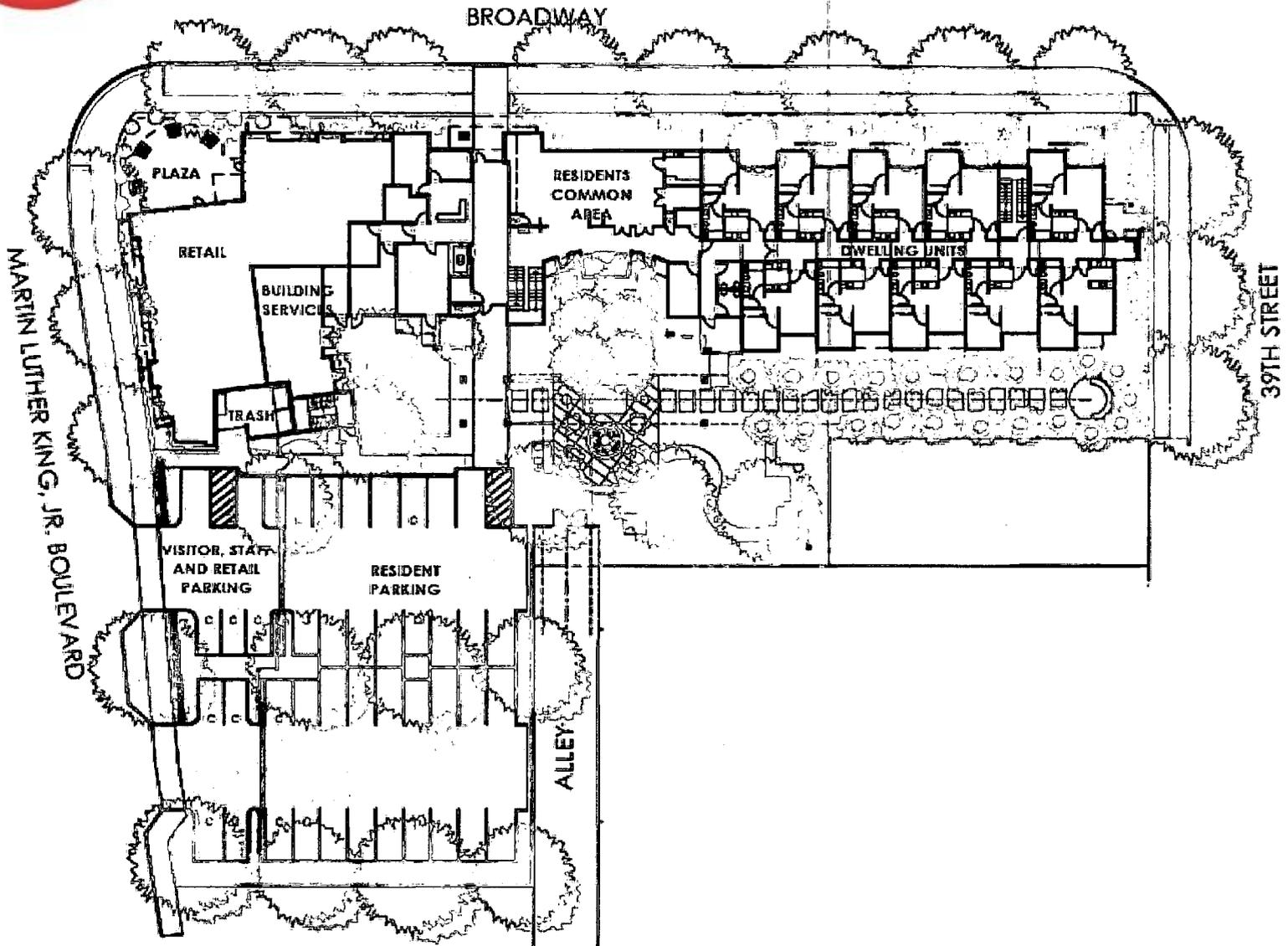
Project Parcel

Oak Park Redevelopment Area



SHRA GIS
October 4, 2010

Site Plan



Project Summary

Address	Broadway and Martin Luther King Junior Blvd			
Number of Units	56			
Acreage	1.3			
Affordability	6 units (11%) at or below 30% of median income 33 units (59%) at or below 45% of median income 16 units (29%) at or below 50% of median income 1 unit (1%) at market rate			
Unit Mix and Rents	(30% AMI)	(45% AMI)	(50% AMI)	Market
1 Bedroom	6	33	16	0
2 Bedroom	0	0	0	1
Total	6	33	16	1
Unit Square Footage	1 Bedroom 580 sq. ft. 2 Bedroom 800 sq. ft. Total approx. 53,000 sq. ft., including approx. 3,800 sq. ft. for retail space			
Resident Facilities	The project will have approximately 3,800 sq. ft. of retail space and amenities that include a barbeque area, a community garden, a multipurpose room, a lounge, a kitchen, a computer center, a fitness center, a library/theater, and laundry facilities.			
Permanent Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Agency Loan	\$ 5,325,000	\$ 95,089	\$ 100.47	
Agency Loan (Land Note)	\$ 727,482	\$ 12,991	\$ 13.73	
Tax Credit Equity	\$ 7,986,751	\$ 142,621	\$ 150.69	
TOTAL SOURCES	\$ 14,039,233	\$ 250,701	\$ 264.89	
Permanent Uses				
Land Costs	\$ 727,482	\$ 12,991	\$ 13.73	
Construction Costs (Residential)	\$ 4,412,629	\$ 78,797	\$ 83.26	
Construction Costs (Commercial)	\$ 525,625	\$ 9,386	\$ 9.92	
Construction Costs (Offsite)	\$ 2,734,720	\$ 48,834	\$ 51.60	
Development Impact Fees	\$ 1,045,053	\$ 18,662	\$ 19.72	
Architecture, Engineering, Survey	\$ 880,000	\$ 15,714	\$ 16.60	
Contingency	\$ 481,768	\$ 8,603	\$ 9.09	
Financing Costs	\$ 820,000	\$ 14,643	\$ 15.47	
Reserves	\$ 78,400	\$ 1,400	\$ 1.48	
Legal Fees	\$ 150,000	\$ 2,679	\$ 2.83	
Developer Fee	\$ 1,575,000	\$ 28,125	\$ 29.72	
Ins, 3rd Party Fees, Marketing, Other	\$ 608,556	\$ 10,867	\$ 11.48	
TOTAL USES	\$ 14,039,233	\$ 250,701	\$ 264.89	
Management / Operations	Proposed Developer: The Related Companies of California, LLC Property Management Company: The Related Management Company Operations Budget: \$ 296,800 \$ 5,300 Replacement Reserves: \$ 16,800 \$ 300			

Broadway/MLK
Project Cash Flow Proforma



Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
1 BD / 1 BA @ 30% AMI	6	580	3,480	\$ 411.00	\$ 59	\$ 352	\$ 0.61	\$ 2,112	\$ 25,344
1 BD / 1 BA @ 45% AMI	33	580	19,140	\$ 617.00	\$ 59	\$ 558	\$ 0.96	\$ 18,414	\$ 220,968
1 BD / 1 BA @ 50% AMI	16	580	9,280	\$ 685.00	\$ 59	\$ 626	\$ 1.08	\$ 10,016	\$ 120,192
Manager's Units	1	800	800	\$ -	\$ -	\$ -	-	\$ -	\$ -
Totals	56		32,700					\$ 30,542	\$ 366,504

	rate	annual increase	per unit	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2026 Year 15	2036 Year 25	2046 Year 35	2056 Year 45	2066 Year 55
Income														
Potential Gross Income		3.00%		366,504	377,499	388,824	400,489	412,503	424,879	554,370	745,027	1,001,254	1,345,602	1,808,376
Other Residential Income		3.00%		2,016	2,076	2,139	2,203	2,269	2,337	3,049	4,098	5,508	7,402	9,947
Less Residential Vacancy	10.00%			(36,852)	(37,958)	(39,096)	(40,269)	(41,477)	(42,722)	(55,742)	(74,913)	(100,676)	(135,300)	(181,832)
Retail Income		3.00%	\$0.85	38,005	39,145	40,320	41,529	42,775	44,058	57,486	77,257	103,827	139,534	187,522
Less Retail Vacancy	25.00% (after Year 15)			(24,008)	(25,536)	(27,112)	(28,737)	(30,412)	(32,138)	(50,274)	(19,314)	(25,957)	(34,884)	(46,881)
Effective Gross Income				\$345,666	\$355,228	\$365,074	\$375,215	\$385,659	\$396,414	\$508,890	\$732,155	\$983,956	\$1,322,354	\$1,777,133
Operating Expenses														
Operating Expenses		3.00%	4,603	257,795	265,529	273,495	281,700	290,151	298,855	389,938	524,044	704,272	946,482	1,271,993
Assessments		2.00%	116	6,500	6,630	6,763	6,898	7,036	7,177	8,577	10,455	12,744	15,535	18,937
Property Management		5.00%	296	16,583	17,081	17,593	18,121	18,665	19,225	25,084	33,711	45,304	60,885	81,825
Social Services		3.00%	268	15,000	15,450	15,914	16,391	16,883	17,389	22,689	30,492	40,979	55,072	74,012
Replacement Reserves			300	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Total Expenses			\$5,584	\$312,678	\$321,490	\$330,564	\$339,909	\$349,534	\$359,445	\$463,087	\$615,502	\$820,099	\$1,094,774	\$1,463,567
Net Operating Income				\$32,987	\$33,738	\$34,510	\$35,306	\$36,125	\$36,969	\$45,802	\$116,654	\$163,857	\$227,580	\$313,566

<u>Agency Monitoring Fee</u>	amount	rate	amort											
Agency Monitoring Fee	\$5,325,000	0.15%		7,988	7,988	7,988	7,988	7,988	7,988	7,988	7,988	7,988	7,988	7,988
Monitoring Fee Subtotal				\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988

Net Cash After Debt Service				\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,981	\$37,815	\$108,666	\$155,869	\$219,592	\$305,579
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<u>Priority Distributions</u>														
Asset Management Fee (GP)		3.00%		25,000	25,750	26,523	27,318	28,138	28,982	37,815	50,820	68,298	91,786	123,353
Partnership Management Fee (LP)				0	0	0	0	0	0	0	0	0	0	0
Priority Distributions Subtotal				25,000	25,750	26,523	27,318	28,138	28,982	37,815	50,820	68,298	91,786	123,353

Net Cash after Priority Distributions				(\$0)	\$0	\$0	\$0	(\$0)	(\$0)	\$0	\$57,846	\$87,572	\$127,806	\$182,226
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<u>SHRA Land Note</u>														
Principal Balance	\$728,000	0.00%		728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000
Interest for Period				0	0	0	0	0	0	0	0	0	0	0
Accumulated Interest				0	0	0	0	0	0	0	0	0	0	0
Payment				0	0	0	0	0	0	0	0	0	0	0
Balance				\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000	\$728,000

Net Cash after SHRA Loan Repayment				(\$0)	\$0	\$0	\$0	(\$0)	(\$0)	\$0	\$57,846	\$87,572	\$127,806	\$182,226
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<u>SHRA Loan</u>														
Principal Balance	\$5,325,000	1.05%		5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	5,325,000	4,649,538
Interest for Period				55,913	55,913	55,913	55,913	55,913	55,913	55,913	55,913	55,913	55,913	48,820
Accumulated Interest				55,913	111,825	167,737	223,649	279,562	335,474	838,686	981,434	835,753	348,129	48,820
Payment				0	0	0	0	0	0	0	57,846	87,572	127,806	182,226
Balance				\$5,380,913	\$5,436,825	\$5,492,737	\$5,548,649	\$5,604,562	\$5,660,474	\$6,163,686	\$6,248,588	\$6,073,182	\$5,545,324	\$4,516,133

Net Cash After Loan Repayment				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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MAXIMUM RENT AND INCOME LEVELS 2010
(Rents @ 30%, 45%, and 50% of AMI where applicable)

Maximum Income Limits:			
Family Size	Max Income 30% AMI	Max Income 45% AMI	Max Income 50% AMI
1 person	\$15,360	\$23,040	\$25,600
2 person	\$17,550	\$26,325	\$29,250
3 person	\$19,740	\$29,610	\$32,900
Maximum Rent Limits: Tax Increment Funds			
Unit Size	Gross Rent 30% AMI	Gross Rent 45% AMI	Gross Rent 50% AMI
1 Bedroom	\$438.75	\$735.00	\$731.25
2 Bedroom	\$493.50	\$658.00	\$822.50
Maximum Rent Limits: 9% Low-Income Housing Tax Credit Program			
Unit Size	Gross Rent 30% AMI	Gross Rent 45% AMI	Gross Rent 50% AMI
1 Bedroom	\$411.00	\$616.50	\$685.00
2 Bedroom	\$493.00	\$740.00	\$822.00
Maximum Rent Limits: HOME Program			
Unit Size	Gross Rent @ 50% AMI		Gross Rent @ 60% AMI
1 Bedroom	\$685		\$852
2 Bedroom	\$822		\$1,039

RESOLUTION NO. 2010 -

Adopted by the Sacramento City Council

on date of



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**ROADWAY AND MARTIN LUTHER KING JUNIOR BOULEVARD:
OVAL AND ADOPTION OF 33433 REPORT; APPROVAL OF A LOAN
UP TO \$5,325,000 (COMPRISED OF CITY HOME INVESTMENT
PARTNERSHIP PROGRAM FUNDS (HOME), CITY AGGREGATED
LOW/MODERATE HOUSING TAX INCREMENT FUNDS (AGGREGATED
LOW/MOD TI), OAK PARK TAX INCREMENT FUNDS (OAK PARK TI), AND
TAX ALLOCATION REVENUE BONDS (TARB) WITH THE RELATED
COMPANIES OF CALIFORNIA, LLC OR RELATED ENTITY; AND RELATED
BUDGET AMENDMENT**

BACKGROUND

- A. Related Companies of California, LLC or related entity (Developer) desires to acquire land owned by the Redevelopment Agency of the City of Sacramento (Redevelopment Agency) to develop a mixed-use complex (Project) at the intersection of Broadway and Martin Luther King, Junior Boulevard (MLK) in the City of Sacramento and within the Oak Park Redevelopment Project Area.
- B. The Redevelopment Agency and Developer desire to enter into a Disposition and Development Agreement (DDA), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").
- C. The Project would provide 56 units of affordable housing and approximately 3,000 square feet of retail space which will assist in eliminating blighting influences, promoting quality infill development through a variety of housing types and encouraging quality mixed-use projects, and more specifically facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK on a site owned by the Redevelopment Agency in furtherance of the Oak Park Redevelopment Project Area Implementation Plan.
- D. Redevelopment Agency desires to originate an internal Agency advance in the amount of Eight Hundred Thirty Nine Thousand Four Hundred Dollars (\$839,400) of Oak Park TI funds to the City Aggregated Low/Mod TI fund to be repaid from City Aggregated Low/Mod TI funds.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

- E. The Developer has applied for seller carry-back financing in the amount of Seven Hundred Twenty- Eight Thousand (\$728,000) to finance the cost of the land acquisition and an allocation of One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project.
- F. The Project qualifies for HOME, Low/Mod TI, Oak Park TI, and TARB funds under Agency guidelines and would be an appropriate use of these funds.
- G. A report under Health and Safety Code 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 B and incorporated in this resolution by this reference, and, proper notice having been given, a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.
- H. The Project was analyzed in accordance with the California Environmental Quality Act (CEQA), and a Categorical Exemption was prepared pursuant to CEQA Guidelines Section 15332. The Notice of Exemption was adopted and the Project was approved by City Planning Commission on September 23, 2010. The proposed actions delegating authority to enter into loan agreements with and transfer the property to the project applicant do not constitute a new project or substantive changes or modifications to the project as previously analyzed. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines Section 15162 or 15163.

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

- Section 1. The proposed action is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15332.
- Section 2. The Redevelopment Agency and Developer desire to enter into a Disposition and Development Agreement ("DDA"), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

- Section 3. The Property is to be sold to the Developer conditionally on satisfactory completion of the terms in the DDA. The consideration given for the interest conveyed under the DDA is \$728,000, which is not less than the fair market value of the Property.
- Section 4. After due consideration of the report filed with the Agency Clerk, made available to the public pursuant to California Health and Safety Code Section 33433 and attached hereto as Exhibit A, it is determined that the sale of the Property and construction of the Project will remove blighting conditions at the Property and result in the development of affordable housing that will benefit residents in the Oak Park Redevelopment Project Area and the statements and findings of the 33433 Report are true and correct and are hereby adopted.
- Section 5. The Sacramento Housing and Redevelopment Agency (SHRA) is authorized to amend the budget to allocate up to One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in HOME funds for the new construction and permanent financing of the Project.
- Section 6. The Loan Commitment Letter, attached as Exhibit B and incorporated in this resolution by this reference, for financing the Project with One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project is approved, and the Agency is authorized to execute and transmit the Loan Commitment to the Developer.
- Section 7. Subject to the satisfaction of conditions in the Loan Commitment, the Agency is authorized to execute any and all documents required for the making of the loan, (including without limitation the documents necessary for the use of the allocated funds and the documents necessary to make and reasonably administer the loan); provided, however, that the loan shall be made on the terms set out in the Loan Commitment. Agency Counsel shall prepare the Loan documents on standard agency loan document forms kept on file with the Agency Clerk. As stated in the Loan Commitment, the loan shall be up to Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000).
- Section 8. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of this resolution, the DDA, and the Loan Commitment that accompanies this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

Section 9. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the 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

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

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	727,482
Commissions	0
Closing Costs	10,000
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	0
Improvement Costs (e.g. utilities or foundations added)	0
Other Costs	0
TOTAL	\$737,482

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$727,500

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$727,500

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$727,500 (55 yr @ 0%)

III. Explanation of Disposition for Less than Full Value

N/A

IV. Elimination of Blight

The subject site is located within the boundaries of the Oak Park Redevelopment Area. The proposed project is consistent with the Oak Park Implementation Plan goal to promote quality infill development through a variety of housing types and encourage quality mixed-use and mixed-income projects, and more specifically to facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK Jr. Blvd on an Agency owned site. It also meets the following goals in the Oak Park Redevelopment Plan: provide standard housing for all families presently residing in the Oak Park area and, at the same time to increase housing supply, and to provide for new housing construction. On November 9, 2010, the City Council and the Redevelopment Agency of the City of Sacramento will consider the use of tax increment revenues from the Oak Park Tax Increment Fund and the 1999 and 2005 Oak Park TARBs for the purpose of developing this mixed-use development, which would contribute to the elimination of blighting influences and the lack of affordable housing in the area.



Date: October 20, 2010

Oak Park Senior Housing Partners, L.P.
Attn: Steven Oh
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612

RE: Conditional funding commitment, Broadway/Martin Luther King, Junior Boulevard project

Dear Mr. Oh:

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 seller carry back acquisition loan funds ("Acquisition Loan") and its commitment of construction and permanent loan funds ("Construction Loan") from the City Aggregated Low/Moderate Housing Tax Increment Flow (Low/Mod TI), Oak Park Tax Increment Funds (TI), Taxable Oak Park Low/Mod Tax Allocation Revenue Bonds (TARB) from the 2005 Issuance, and City Home Investment Partnership Program (HOME) funds for the purpose of financing the acquisition and construction of that certain real property located at the intersection of Broadway and Martin Luther King, Junior Boulevard, 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 Acquisition Loan and the Construction 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.

The Acquisition Loan and Construction Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council and Redevelopment Agency resolutions approved on November 9, 2010. 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 December 31, 2011.

1. PROJECT DESCRIPTION: The project is acquisition of land and the new construction of a mixed use project consisting of 56 units of senior affordable housing and approximately 3,700 square feet of retail space at Broadway and Martin Luther King, Junior Boulevard, Sacramento, CA.
2. BORROWER: The name of the Borrower for the Acquisition Loan and Construction Loan is Oak Park Senior Housing Partners, L.P.
3. PURPOSE OF LOAN: The Acquisition Loan and Construction Loan are to be used by Borrower solely to pay the costs of acquisition, predevelopment, and construction, and for such other purposes as Agency expressly agrees to in the loan agreement for the Acquisition Loan and Construction Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Acquisition Loan and the Construction Loan. The Acquisition Loan and the Construction Loan shall not be funded, directly or indirectly, with the proceeds of any tax-exempt bonds. If requested by Borrower or Borrower's tax credit equity investor, Agency shall execute a letter at Close of Escrow confirming that the Acquisition Loan and the Construction Loan have not been funded, directly or indirectly, with the proceeds of any tax-exempt bonds.
4. PRINCIPAL AMOUNT, TERM OF LOAN, and INTEREST RATE: The principal amount of the Acquisition Loan will be the lesser of (a) Seven Hundred Twenty Eight Thousand Dollars (\$728,000), or (b) an amount to be determined prior to close of the Acquisition Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety nine percent (99%) of the appraised value as determined by the Agency. This Acquisition Loan will bear interest of 0% annually and all principal and interest will be due 684 months from the close of the loan, however, if construction financing is received for the project, the maturity date shall be extended, and all principal and interest will be due and payable 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

The principal amount of the Construction Loan will be the lesser of (a) Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000), or (b) an amount to be determined prior to close of the Construction Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent (90%) of the appraised value as determined by the Agency. The loan will bear interest of 1.05% annually (interest shall be calculated on the basis of a 365-day year and actual days elapsed) and the term of the loan will be 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

Year	Months	Monthly Pmt
18	205-216	\$ 3,154
19	217-228	3,318
20	229-240	3,487
21	241-252	3,661
22	253-264	3,840
23	265-276	4,025
24	277-288	4,216
25	289-300	4,412
26	301-312	4,615
27	313-324	4,824
28	325-336	5,039
29	337-348	5,261
30	349-360	5,490
31	361-372	5,725
32	373-384	5,969
33	385-396	6,219
34	397-408	6,477
35	409-420	6,744
36	421-432	7,018
37	433-444	7,301
38	445-456	7,592
39	457-468	7,893
40	469-480	8,202
41	481-492	8,522
42	493-504	8,851
43	505-516	9,190
44	517-528	9,539
45	529-540	9,900
46	541-552	10,271
47	553-564	10,654
48	565-576	11,048
49	577-588	11,455
50	589-600	11,874
51	601-612	12,305
52	613-624	12,750
53	625-636	13,209
54	637-648	13,682
55	649-660	14,169
56	661-672	14,671
57	673-683	15,189
57	684	remaining balance due

If Borrower is unable to make payments to the Agency for three consecutive years, the Agency in its sole discretion may allow deferment of loan payments for up to five consecutive years. At the end of the five year period, the Borrower will resume the loan

repayment according to the preceding schedule and the accrued interest will be due on the loan maturity date.

5. **SOURCE OF LOAN FUNDS:** The Acquisition Loan will be financed through Agency seller carry back financing. The Construction Loan will be funded with the following sources of funds and is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Low/Mod TI, Oak Park TI, Oak Park TARB, City HOME funds, and proceeds from the sale of Agency-owned land. City HOME funds shall assist 11 or fewer units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall not apply. The HOME units at the project shall be "floating" such that the number of HOME units of an affordability level and bedroom type remains the same, but the actual designated unit may change from time to time. The Agency hereby acknowledges, agrees and represents that the Acquisition Loan and the Construction Loan shall be below market interest rate loans for purposes of Labor Code Section 1720(c)(6)(E), and that such Acquisition Loan and such Construction Loan shall not trigger prevailing wage. This Acquisition Loan and Construction 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 Acquisition Loan and the Construction Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements, all as mutually agreed to by Agency and Borrower.

Borrower acknowledges that, as a condition of the Agency's making of the Acquisition Loan and Construction 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. 3701-3708); (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)

6. ACCELERATION: Agency shall have the right to accelerate repayment of the Acquisition Loan and the Construction Loan in the event of a default under any Acquisition Loan document or Construction Loan document or upon sale, transfer or alienation of the Property except as specifically provided for in the loan documents.
7. SECURITY: The Acquisition Loan and Construction 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 subject only to liens senior to Agency's lien and such other items as the Agency may approve in writing. The Acquisition Loan and the Construction Loan shall also be secured by security agreements. The Agency agrees to subordinate said deeds of trust to the Commercial Construction Loan upon Agency's review and approval of the Commercial Construction Loan documents in order to accommodate completion of construction of the Property.
8. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Acquisition Loan and the Construction Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
9. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of a minimum of \$7,500,000 in Low Income Housing Tax Credit equity.
10. OTHER FINANCING: Borrower, as a requirement of the Acquisition Loan and the Construction 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 to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (1) 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.

Permanent financing in the form of deferred payments of equity, if applicable

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

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.

11. EVIDENCE OF FUNDS: Prior to the first disbursement of the Acquisition Loan or the Construction 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 (which may be evidenced by delivery to the Agency of a tax credit reservation letter for the project and an executed copy of the Partnership Agreement at close of Escrow); 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. The Lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance.
12. LOAN IN BALANCE: Borrower will be required to maintain the Construction Loan "in balance". The Construction Loan is "in balance" whenever the amount of the undisbursed funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders and equity investors and net operating income 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 Construction Loan is not "in balance" after the applicable cure period, the Agency may declare the Construction Loan to be in default.
13. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Acquisition Loan and the Construction Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency funds. As provided in the DDA, Borrower must obtain Agency's prior written consent to any material change in the approved plans and specifications or any material deviation in construction of the project.
14. 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 Acquisition Loan and the Construction Loan.
15. 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 Acquisition Loan and the Construction Loan.

16. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each construction related disbursement, not to exceed a total of ten percent (10%) of the total amount of the Construction Loan.
17. 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 and the associated bid values received for each item of work to be performed.

All contracts and contractors shall be subject to Agency's approval prior to close of the Acquisition Loan and the Construction 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 Construction 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 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.

18. 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. If there is an aggregate savings 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 Construction 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 and the original approved budget for the project.
19. 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 60 days following the close of construction financing.
20. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 18 months following the close of construction financing.
21. 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 Acquisition Loan and the Construction 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).

22. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general 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: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) 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.
23. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 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 Acquisition Loan and the Construction 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 Acquisition Loan and the Construction Loan must be issued by a title insurer approved by Agency.
24. 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 Acquisition Loan and this Construction Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Acquisition Loan and this Construction Loan as may be required under the organizational documents.

25. FINANCIAL INFORMATION: During the term of the Acquisition Loan and the Construction Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year the following items with respect to Borrower: 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 Acquisition Loan and the Construction 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. Upon Agency request, during the term of the Acquisition Loan and the Construction Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements.
26. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Acquisition Loan and this Construction 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. If, prior to the submission of the 9% LIHTC application in Spring of 2011, Section 10325(c)10 of the California Tax Credit Allocation Committee Regulations Implementing the Federal and State Low Income Housing Tax Credit Laws is altered from the July 28, 2010 verbiage, Agency may in its sole discretion restructure the Construction Loan after meeting and conferring with Borrower regarding the proposed restructure..
27. 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.
28. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate all common spaces. In addition, project will include security patrol if necessary.
29. 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) confirmation the services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 3) a description of the programs to be offered; and 4) a proforma social services budget.
30. COMMERCIAL BROKER: The Borrower will submit evidence to the Agency of a contract with a commercial broker to assist Borrower with the leasing of the retail space as a condition to the close conversion of the Construction Loan to its permanent phase.
31. ACCEPTABLE COMMERCIAL TENANTS: The commercial tenant must offer goods or services consistent with the Special Land Use Regulations of the Broadway/Stockton

Special Planning District (Section 17.94.030). The tenant may not be a bar (as defined by Sacramento City Code); marijuana related business; establishment deriving more than 5% of its net income from adult-oriented entertainment or material, whether for sale, rent or on-site use or viewing; check cashing or payday loan business; social services (as defined by Sacramento City Code); tattoo parlor; gun shop; arcade exclusively for video games; used appliance stores; secondhand or thrift stores (as defined by Sacramento City Code); facility for repair of any appliances, vehicles or other products, except as insubstantial and incidental to permitted activities; facility using, storing or treating hazardous materials; facility for the housing of passive components such as digital switching units; and establishments creating nuisances or other activities that unreasonably intrude upon the peaceful enjoyment of nearby tenants and property owners, including without limitation bad odors, loud noises, bright lights, substantial numbers of loiters, trash and garbage and unhealthy or dangerous situations.

32. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2011, the Agency has sole discretion to modify and or extend the term of the commitment letter to a date no later December 31, 2012.
33. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Acquisition Loan or the Construction 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 and Borrower in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
34. 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.
35. 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.
36. 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,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Redevelopment Agency of the City of Sacramento

La Shelle Dozier, Executive Director

Dated:

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

BORROWER:

Oak Park Senior Housing Partners, L.P.,
a California limited partnership

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: Frank Cardone
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: Jonathan B. Webb
Jonathan B. Webb, President

RESOLUTION NO. 2010 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

**BROADWAY AND MARTIN LUTHER KING JUNIOR BOULEVARD:
APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT, A
SELLER CARRY-BACK ACQUISITION LOAN, A PREDEVELOPMENT LOAN
UP TO \$260,000 (COMPRISED OF TAX ALLOCATION REVENUE BONDS
[TARB]), AND A LOAN UP TO \$5,325,000 (COMPRISED OF CITY HOME
INVESTMENT PARTNERSHIP PROGRAM FUNDS [HOME], CITY
AGGREGATED LOW/MODERATE HOUSING TAX INCREMENT FUNDS
[AGGREGATED LOW/MOD TI], OAK PARK TAX INCREMENT FUNDS [TI],
AND TARB) WITH THE RELATED COMPANIES OF CALIFORNIA, LLC OR
RELATED ENTITY; AND RELATED BUDGET AMENDMENT**

BACKGROUND

- A. The Related Companies of California, LLC or related entity (Developer) desires to acquire land owned by the Redevelopment Agency of the City of Sacramento (Agency) to develop a mixed-use complex at the intersection of Broadway and Martin Luther King, Junior Boulevard (MLK) in the City of Sacramento and within the Oak Park Redevelopment Project Area (Project).
- B. The Agency and the Related Companies of California, LLC (Developer) desire to enter into a Disposition and Development Agreement (DDA), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").
- C. The Project will assist with the elimination of blight in the Oak Park Redevelopment Project Area.
- D. The Project would provide 56 units of affordable housing and approximately 3,000 square feet of retail space which will assist in promoting quality infill development through a variety of housing types and encourage quality mixed-use projects, and more specifically facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK on an Agency owned site, in furtherance of the Oak Park Redevelopment Project Area Implementation Plan.
- E. Agency desires to originate an internal Agency advance in the amount of Eight Hundred Thirty Nine Thousand Four Hundred Dollars (\$839,400) of Oak Park TI funds to the Low/Mod TI fund to be repaid with Low/Mod TI funds.



Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

- F. The Developer has applied for a predevelopment loan of \$260,000 of 2005 Oak Park TARB funds, seller carry-back financing in the amount of Seven Hundred Twenty Eight Thousand Dollars (\$728,000) to finance the cost of the land acquisition and an allocation of One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project.
- G. The Agency has aggregated its low/moderate housing set-aside tax increment funds from various city redevelopment project areas for the development of affordable housing which benefits such project areas.
- H. The Sacramento City Financing Authority previously issued its 2005 Oak Park TARB as taxable for the purpose, among others, of making a loan to the Agency for the financing by the Agency of certain redevelopment projects located within the Agency's Oak Park Redevelopment Project Area.
- I. The Project qualifies for HOME, Low/Mod TI, Oak Park TI, and TARB funds under Agency guidelines and would be an appropriate use of these funds.
- J. 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, and, proper notice having been given, a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.
- K. The Project was analyzed by the City of Sacramento in accordance with the California Environmental Quality Act (CEQA), and a Categorical Exemption was prepared pursuant to CEQA Guidelines Section 15332. The Notice of Exemption was adopted and the Project was approved by City Planning Commission on September 23, 2010. The proposed actions delegating authority to enter into loan agreements with and transfer the property to the project applicant do not constitute a new project or substantive changes or modifications to the project as previously analyzed. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines Section 15162 or 15163.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. The proposed action is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15332.

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

- Section 2. The statements and findings of the 33433 Report attached as Exhibit A 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 Oak Park Redevelopment Plan and the Implementation Plan, as stated in the DDA, attached as Exhibit B. It has been determined that the aggregation of Low Moderate Housing Funds benefits all project areas.
- 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 Seven Hundred Twenty-Eight Thousand Dollars (\$728,000).
- Section 5. The sale of this Property, as described above, is approved.
- Section 6. The Executive Director is authorized to enter into a DDA attached hereto as Exhibit B and related documents in the name of the Agency with the Developer.
- Section 7. The Executive Director is authorized to make an advance in an amount up to Eight Hundred Thirty Nine Thousand Four Hundred Dollars (\$839,400) in Oak Park TI funds to the Aggregated Low/Mod TI Fund for the new construction and permanent financing of the Project to be repaid with Low/Mod TI funds.
- Section 8. The Executive Director is authorized to amend the Agency budget and to execute the seller carry-back loan, attached as Exhibit C, and all associated agreement in the amount of Seven Hundred Twenty Eight Thousand Dollars (\$728,000) to fund the acquisition of the land.
- Section 9. The Executive Director is authorized to amend the Agency budget to transfer up to Two Hundred Sixty Thousand Dollars (\$260,000) in Oak Park TARB to the Project.
- Section 10. The Predevelopment Loan Agreement, attached as Exhibit D, for financing the Project with TARB funds in the amount of up to \$260,000, is approved, and the Executive Director is authorized to execute and transmit the Predevelopment Loan Agreement and other related documents necessary to implement the Predevelopment Loan Agreement to the Developer.
- Section 11. The Loan Commitment Letter, attached as Exhibit E, for financing the Project with One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty-Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project is approved, and the Executive

Approval of a DDA and an Agency Loan for the Broadway/MLK Development Site

Director is authorized to execute and transmit the Loan Commitment to the Developer.

- Section 12. Subject to the satisfaction of conditions in the Loan Commitment, the Executive Director is authorized to execute any and all documents required for the making of the loan, (including without limitation the documents necessary for the use of the allocated funds and the documents necessary to make and reasonably administer the loan); provided, however, that the loan shall be made on the terms set out in the Loan Commitment accompanying this resolution. Agency Counsel shall prepare the loan documents on standard agency loan document forms kept on file with the Agency Clerk. As stated in the Loan Commitment, the loan shall be up to Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000).
- Section 13. The Executive Director is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the DDA and the Loan Commitment that accompany this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan, and with the staff report that accompanies this resolution.
- Section 14. The Executive Director is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution, with good legal practices for making of such a loan, and with the staff report that accompanies this resolution.

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- Exhibit A – Report under Health and Safety Code Section 33433
- Exhibit B – Disposition and Development Agreement
- Exhibit C – Seller Carry-Back Loan
- Exhibit D – Predevelopment Loan Agreement
- Exhibit E – Loan Commitment

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

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	727,482
Commissions	0
Closing Costs	10,000
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	0
Improvement Costs (e.g. utilities or foundations added)	0
Other Costs	0
TOTAL	\$737,482

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$727,500

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$727,500

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$727,500 (55 yr @ 0%)

III. Explanation of Disposition for Less than Full Value

N/A

IV. Elimination of Blight

The subject site is located within the boundaries of the Oak Park Redevelopment Area. The proposed project is consistent with the Oak Park Implementation Plan goal to promote quality infill development through a variety of housing types and encourage quality mixed-use and mixed-income projects, and more specifically to facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK Jr. Blvd on an Agency owned site. It also meets the following goals in the Oak Park Redevelopment Plan: provide standard housing for all families presently residing in the Oak Park area and, at the same time to increase housing supply, and to provide for new housing construction. On November 9, 2010, the City Council and the Redevelopment Agency of the City of Sacramento will consider the use of tax increment revenues from the Oak Park Tax Increment Fund and the 1999 and 2005 Oak Park TARBs for the purpose of developing this mixed-use development, which would contribute to the elimination of blighting influences and the lack of affordable housing in the area.



NO FEE DOCUMENT:
Entitled to free recording
per Government Code 27383.
When recorded, return to:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Attn: Bernadette Austin
801 12th Street
Sacramento, CA 95814

DISPOSITION AND DEVELOPMENT AGREEMENT
BROADWAY AND MARTIN LUTHER KING BOULEVARD, SACRAMENTO, CA
OAK PARK NEIGHBORHOOD **REDEVELOPMENT PROJECT AREA**

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND SACRAMENTO HOUSING AND

REDEVELOPMENT AGENCY

OAK PARK SENIOR HOUSING PARTNERS, L.P.

November 9, 2010

DISPOSITION AND DEVELOPMENT AGREEMENT

Broadway and Martin Luther King Boulevard, Sacramento, CA
Oak Park Neighborhood

THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO and OAK PARK SENIOR HOUSING PARTNERS, L.P., also called Agency and Developer, respectively, enter into this Disposition and Development Agreement, also called DDA, as of November 9, 2010. For purposes of this Agreement, the capitalized terms shall have the meanings assigned in Section 16.

RECITALS

A. Agency is the owner of real property located at Broadway and Martin Luther King Boulevard, Sacramento, CA in the City of Sacramento, State of California, more particularly described in the Property Description.

B. The Property is located in the Oak Park Neighborhood Redevelopment Project Area and is subject to the redevelopment plan for the Project Area. Further, Developer acknowledges that Developer is purchasing the Property from Agency which is a Redevelopment Agency formed and acting under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and that this document is governed by the Community Redevelopment Law. This DDA is consistent with, and furthers, the Redevelopment Plan and the "Implementation Plan" adopted for the Project Area in that it meets the following implementation plan goals: low values and impaired investment, vacant lots, construction of affordable housing.

C. The primary purpose of this DDA is the elimination of the following blighting influences: low values and impaired investment and high vacancy rates and vacant parcels as well as the construction of affordable housing. In order to accomplish such purpose, the DDA provides that the Agency will transfer the Agency's interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.

D. Developer desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

AGREEMENT

NOW THEREFORE, the parties acknowledge that the foregoing Recitals are true and correct, and based upon such Recitals and in consideration of the following mutual covenants, obligations and agreements and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.

2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: New construction of a mixed-use (commercial and residential) development containing approximately 3,700 square feet of retail space and no less than 56 rental dwelling units at the intersection of Broadway and Martin Luther King Boulevard.

3. **PURCHASE AND SALE.** Agency agrees to sell and Developer agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by the Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.

4. **PURCHASE PRICE.** The Purchase Price for the Property shall be Seven Hundred Twenty-Eight Thousand Dollars and No Cents (\$728,000.00) paid by Developer's execution of the Funding Agreements evidencing the Seller Carryback Loan. The Purchase Price is equal to the fair market value of the Property.

4.1. **ESCROW.** Developer and Agency have opened, or within ten (10) days after the Effective Date, shall open, the Escrow account subject to the provisions of the Escrow Instructions. Agency and Developer shall execute and deliver the Escrow Instructions to Title Company within ten (10) days after the Effective Date.

4.2. **ERN DEPOSIT.** Pursuant to the Exclusive Right to Negotiate between Developer and Agency entered into on March 9, 2010, Developer deposited \$12,500 to fund Agency costs for predevelopment work for the project, including environmental report, NEPA review, and staff costs and to pay for the Agency's application fee. Developer acknowledges that the deposit is a non-refundable payment to Agency for costs related to development of the Project and shall not offset the purchase price of the Property.

4.3. **CONDITIONS TO AGENCY'S PERFORMANCE.** Agency's obligation to sell the Property to the Developer at the Close of Escrow under this DDA is subject to all of the following conditions:

4.3.1. Developer has performed all of the obligations that it is required to perform pursuant to this DDA prior to the Close of Escrow, including without limitation, obtaining all required approvals of the Plans; obtaining permit ready letters sufficient to obtain building permits to commence Project construction; providing all required budgets, reports and evidence of funding and insurance; and providing required construction contracts.

4.3.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.3.3. Developer's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.3.4. The DDA is in full force and effect, no default on the part of Developer having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Developer under the DDA.

4.4. CONDITIONS TO DEVELOPER'S PERFORMANCE. Developer's obligation to acquire Property from the Agency at the Close of Escrow under this DDA is subject to satisfaction of all of the following conditions:

4.4.1. Agency has performed all of the obligations that it is required to perform pursuant to this DDA prior to Close of Escrow, including processing requests to approve the Final Plans, the Scope of Development and any other items requiring the Agency's approval prior to Close of Escrow under this DDA.

4.4.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.4.3. Agency's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.4.4. The DDA is in full force and effect, no default on the part of Agency having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Agency under the DDA.

4.4.5. Developer shall have approved title and the environmental condition of the Property as set forth herein, and the title company shall have unconditionally committed to issue an owner's policy of title insurance satisfactory to Developer.

4.4.6. All financing sources for the Project (including the Construction Loan, all Agency Funding, and the tax credit equity funds) shall have closed and funded or shall be ready to close and fund Close of Escrow.

4.4.7. Developer shall have obtained from the City all required approvals and permits, including site plan review, conditional use, subdivision, building, grading, landscaping, and others for the construction and development of the Property as contemplated under this Agreement, provided that permit ready letters sufficient to obtain building permits to commence Project construction shall suffice in lieu of building permits for purposes of this Section 4.4.7.

4.5. GENERAL COVENANTS AND REPRESENTATIONS AND WARRANTIES. The parties make the following covenants, representations and warranties regarding the Property and the Project.

4.5.1. AGENCY'S REPRESENTATIONS AND WARRANTIES. Agency represents and warrants to Developer that as of the date of this DDA and as of the Close of Escrow, the date for which is set forth on the Schedule of Performances, to the knowledge of Agency's legal department, its Executive Director, and its staff with responsibility for development of the Property:

a) Agency has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are in violation of any applicable laws regarding Hazardous Substances, or informing Agency that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property.

b) Agency has caused a Phase I environmental study to be performed for Property. Agency has provided Developer with a copy of said study and Developer agrees that as to this study, Developer acquires no rights against either the Agency or those individuals or firms who prepared the study. To the extent, if any, that Developer relies on the study, Developer does so at Developer's own risk.

c) To the best of Agency's knowledge, there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property.

d) This DDA, the Funding Agreements, and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Agency; are binding obligations of Agency; and do not violate the provisions of any agreements to which Agency is a party.

e) Agency hereby represents and warrants to Developer that either (i) Article XXXIV of the California Constitution does not apply to the proposed project, or (ii) as of the Close of Escrow an approving election of the qualified electors of the applicable city, town or county with respect to the Property shall have been made in accordance with the requirements of Article XXXIV of the California Constitution.

4.5.2. AGENCY'S COVENANTS. Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Agency shall promptly notify Developer of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

b) Agency shall not permit any liens, encumbrances, or easements to be placed on the Property, other than the approved exceptions named as acceptable in the Escrow Instructions or as identified and approved in this DDA.

c) Agency shall not, without Developer's written consent, enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the

Property that would be binding on Developer or the Property after the Close of Escrow without the prior written consent of Developer, except as otherwise agreed in this DDA.

d) Agency shall not permit any act of waste or act that would tend to diminish the value of the Property for any reason, other than ordinary wear and tear.

e) Agency shall convey the Property to Developer pursuant to the terms and conditions contained in this DDA.

f) Agency shall perform all of the obligations that it is required to perform pursuant to this DDA prior to Close of Escrow, including processing requests for approving the Plans, the Final Plans, the Scope of Development and any other items requiring the Agency's approval prior to Close of Escrow pursuant to, and subject to the provisions of, Section 6 of this DDA.

4.5.3. DEVELOPER'S REPRESENTATIONS AND WARRANTIES. Developer, for itself and its principals, represents and warrants to Agency that as of the date of this DDA and as of the Close of Escrow, as applicable:

a) As of the Close of Escrow, Developer shall have reviewed the condition of the Property, including without limitation, the physical condition of the Property (above and below the surface) and issues regarding land use and development of the Property, and if Developer closes Escrow for the acquisition of the Property, Developer shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses.

b) As of the Close the Escrow, Developer's acquisition of the Property shall be deemed to serve as Developer's representation that Developer has obtained all additional information regarding the Property that Developer considers necessary for its due diligence in acquiring the Property.

c) To the best of Developer's knowledge, there is no pending or threatened litigation, administrative proceeding or other legal or governmental action with respect to Developer which would affect its ability to fulfill its obligations under this DDA and acquire the Property or which may constitute a lien against Developer's equity or Developer's interests in the Property, now or in the future.

d) Any information that Developer has delivered to Agency, either directly or through Developer's agents, is, to the best of Developer's knowledge, accurate, and Developer has disclosed all material facts concerning the operation, development, or condition of the Property.

e) As of the Close of Escrow, Developer shall have the financial capacity, the committed equity and the committed financing necessary to fulfill its obligations under this DDA and to acquire the Property. Developer represents that, as of the Close of Escrow, any equity and funding commitments represented by Developer to Agency as available to the Project shall be unencumbered and shall not be used for any purpose other than the Project (and Developer covenants that it will not use them for any other purpose) without prior written Agency consent.

f) This DDA has been duly authorized, executed, and delivered by Developer; is the binding obligation of Developer; and does not violate the provisions of any agreements to which Developer is a party. All other documents to be executed and delivered by Developer for the Close of Escrow as set forth in the Escrow Instructions shall be duly authorized, executed, and delivered by Developer; shall be the binding obligation of Developer; and shall not violate the provisions of any agreements to which Developer is a party.

4.5.4. DEVELOPER'S COVENANTS. Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Developer covenants by and for itself and assigns, and all persons claiming under or through it, that it shall not discriminate on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale, lease or rental or in the use or occupancy of the Property and the Project.

b) Developer shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

c) Developer shall not cause any liens, encumbrances, or easements to be placed on the Property prior to Close of Escrow, except as otherwise permitted by this DDA or approved in writing by Agency.

d) Developer shall not cause any act of waste or act that would tend to diminish the value of the Property for any reason, except that caused by ordinary wear and tear.

e) Developer shall complete the development of the Project at Developer's cost and without requesting or receiving additional Agency or City financial contributions to the Project other than the Agency Funding as provided in this DDA.

f) Developer shall comply with all provisions of the Regulatory Agreement, and cause any subsequent purchaser of the property to so comply.

4.5.5. CLOSE OF ESCROW. The Escrow shall not close, and the Property shall not be conveyed to Developer unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow. The Escrow shall close on or about the date calculated as set forth on the Schedule of Performances.

4.6. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW. If, prior to the Close of Escrow: (a) any damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by Developer or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed twenty percent (20%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a twenty percent (20%) or more decrease in the after-taking value of the Property, Agency shall notify Developer in writing of the damage, destruction or actual or threatened condemnation. Developer may, within fifteen (15) days after

such notice, elect to terminate this DDA by written notice to Agency if Developer determines in its sole discretion that such damage, destruction or actual or threatened condemnation would materially adversely affect the financing, construction, development or operation of Developer's proposed project at the Property.

4.6.1. If this DDA is to continue in full force and effect after any such damage or destruction, Agency shall do one of the following:

a) Agency shall pay or assign to Developer any amount due from or paid by any insurance company or any other party as a result of the damage; and the amount of any deductible under Agency's insurance policy; or

b) Agency shall pay to Developer through credit in Escrow against the cash portion of the Purchase Price for the cost of repairing or correcting such damage not covered by insurance, provided, however, that the amount of any payment of such credit against the Purchase Price pursuant to this clause shall not exceed thirty percent (30%) of the Purchase Price. If this DDA is to continue in full force and effect after such condemnation action, Agency shall pay any amounts received on account of, and assign to Developer all of Agency's rights regarding, any awards for such taking.

4.6.2. **COMMISSIONS.** Agency is not responsible, by this DDA or otherwise, to pay commissions on this transaction or any related transaction.

5. **AGENCY FUNDING.** The Agency shall provide seller carryback financing for the purchase of the property as provided in the Funding Agreements. All terms regarding Agency's seller carryback funding are in the Funding Agreements.

6. **PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS.** The Agency shall have the right, but not the obligation, to review Plans to assure their conformity with the provisions of this DDA. Based upon such review the Agency shall have the right to approve or reject the Plans for reasonable cause, but only within the Agency Scope of Approval, as defined below.

6.1. **EXTENT AND CHARACTER OF PLAN REVIEW.** Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Plans further the Redevelopment Plan; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by the Agency, (collectively, the "Agency Scope of Approval"). This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each

governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

6.2. CONCURRENT REVIEW. Agency agrees that its review of the Final Plans shall occur before or concurrently with City's review of such plans, so as not to delay the commencement and progress of Project development.

6.3. PLANS. Developer has provided Agency with Plans, and the Agency has approved the Plans concurrently with this DDA. The Agency has been induced to undertake its obligations under this DDA by Developer's promise to develop the Project in accordance with the Plans, the Scope of Development and the provisions of this DDA.

6.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS. Developer shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. Developer shall submit the Final Plans to the Agency for Agency's review. The Final Plans shall conform in all material respects to this DDA, including without limitation, Plans and the Scope of Development. To the extent that the DDA has insufficient detail or is unclear, the DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of City approval of the project, unless otherwise fulfilled. Developer agrees that it will comply with the requirements of the City of Sacramento Design Review Board to the extent of its jurisdiction.

6.5. DELIVERY. Developer shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: Broadway/MLK PROJECT PLAN REVIEW" or the equivalent.

6.5.1. DEEMED APPROVAL. If duly marked and delivered, the Final Plans or changes to the Final Plans shall be deemed approved unless disapproved in whole or in part, in writing, within thirty (30) days after their proper delivery to Agency.

6.5.2. AGENCY DISAPPROVAL. If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, which disapproval may only be based upon the Agency Scope of Approval, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that the Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA, shall be limited solely to matters within the Agency Scope of Approval, and shall be reasonable. If the Agency reasonably rejects the proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has

modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

6.6. GOVERNMENTAL CHANGES. If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, the Developer shall inform the Agency. If Agency and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by Agency. If Agency or Developer reasonably disagrees with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative. Agency shall reasonably approve or disapprove the proposed change as soon as practicable, but not later than thirty (30) days after the proper delivery to Agency of such proposed changes.

6.7. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS. If the Developer desires to make any substantial changes in the Final Plans, Developer shall submit such proposed changes, in writing, to the Agency for its approval. The Agency shall approve or disapprove the proposed change as soon as practicable, but not later than thirty (30) days after the proper delivery to Agency of such proposed changes. The Final Plans shall be construed to include any changes approved in the same manner as for approval of the original Final Plans under this section. The Final Plans shall be construed to include any such changes. Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

6.7.1. SUBSTANTIAL CHANGE. A substantial change in the Final Plans shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

- a) Material changes in the layout, elevation design, functional utility or square footage.
- b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.
- c) Any change that reduces the effectiveness of any mitigation measure required for CEQA approval of the Project.
- d) Material changes in site development items for the Property that are specified in the Final Plans.
- e) Material changes in quality of project or landscaping materials.
- f) Any change in public amenities specified in the Final Plans.
- g) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer.

h) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

6.7.2. MISREPRESENTATION. If the Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by Developer or by anyone on Developer's behalf, the Agency may, within a reasonable time after discovery of the misrepresentation, take any action permitted by law with regard to any such misrepresentation, notwithstanding Agency's prior approval, including without limitation, rescission of the approval.

7. DEVELOPMENT PROVISIONS. As stated in detail in this Section 7, from and after Close of Escrow Developer shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. After the Close of Escrow, Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code Section 33000) shall control.

7.1. NOTICE TO PROCEED. Except for access to the Property prior to the Close of Escrow for due diligence and environmental inspection purposes pursuant to the terms of this DDA, Developer shall not enter the Property or begin work on the Project until the Agency has issued to Developer a written notice to proceed with the work. Agency will issue a notice to proceed after Agency approval of the Final Plans, City's issuance of a building permit for substantially more than the Project foundations, Developer's compliance with all governmental requirements for start of construction, Developer's provision of required policies of insurance, and Developer's provision of proof of construction financing in an amount adequate to begin the Project work.

7.2. CONSTRUCTION CONTRACTS. Prior to the Close of Escrow, Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project after the Close of Escrow exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, without any Agency funds in excess of the Agency Funding, the construction of the Project in accordance with this DDA. If the property is revested in the Agency pursuant to Section 13.1, Developer shall assign all rights under the construction contracts to Agency.

7.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, Developer is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the City of Sacramento. To assure proper review by the City, Developer shall, within thirty (30) days of the date of this DDA, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, Developer shall, as applicable, take designs before the City's Design Review/Preservation Board or its appropriate subcommittee for comment as soon as practicable. Conditions to the project imposed by the City shall be considered obligations of the Developer under this DDA. If a dispute with City staff arises regarding such City conditions, Developer shall accept the decision of the City's Planning Commission interpreting, imposing and

enforcing such City conditions; subject to any applicable appeals process of the Planning Commission.

7.4. ART IN PUBLIC PLACES INAPPLICABILITY. The Project improves and increases the stock of affordable housing in the community. Imposition of the Art in Public Places Program would increase the cost of the Project substantially and reduce either the number of affordable units available in the Project or the affordability of those units. Therefore, the Aesthetic Improvement Policy requirements are not applicable.

7.5. SUBSTANTIAL CHANGES. Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 6.7, without Agency approval of such changes as provided in Section 6.7.

7.6. LOCAL, STATE AND FEDERAL LAWS. The Developer shall assure that the construction of the Project is carried out in conformity with all applicable laws and regulations, including all applicable federal and state labor standards. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, Developer shall secure any and all certifications and permits which may be required by any governmental agency having jurisdiction over such construction, development or work. Agency shall cooperate in securing certifications and permits which require consent of the owner of the property. Developer shall permit only persons or entities which are duly licensed in the State of California, County of Sacramento and City of Sacramento, as applicable, to perform work on or for the Project.

7.7. PREVAILING WAGES. In accordance with Labor Code Section 1720(c)(6)(E), so long as the public subsidy for the Project consists of below market rate loans, and the Project restricts occupancy on at least 40% of the units for at least 20 years to individuals or families earning no more than 80% of the area median income, the Project is not subject to prevailing wages. The Agency hereby acknowledges, agrees and represents that the Agency Funding shall consist entirely of below market interest rate loans for purposes of Labor Code Section 1720(c)(6)(E), and that such Agency Funding, in and of itself, shall not trigger prevailing wage. Based on the fact that the only anticipated sources of financing for the construction and operation of the Project are (i) the Construction Loan, (ii) the Agency Funding, and (iii) low income housing tax credits, Developer represents to the Agency that all public subsidy for the Project that meets the criteria for the Labor Code Section 1720(c)(6)(E) exemption. If Developer obtains a source of public subsidy that would trigger prevailing wage, Developer shall pay prevailing wages for the Project. Therefore, Developer indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them, except to the extent prevailing wage applies to the Project due to a breach of the Agency's representations and agreements in this Section 7.7.

7.8. PUBLIC SAFETY PROTECTIONS. Developer shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the

Property or Developer's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

7.9. NO DISCRIMINATION DURING CONSTRUCTION. Developer for itself, the general contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project.

7.9.1. EMPLOYMENT. Developer shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

7.9.2. ADVERTISING. Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, marital status, national origin, ancestry, familial status, or disability.

7.9.3. MONITORING PROVISIONS. Developer, Contractor and subcontractors shall comply with the requirements of the Agency for monitoring the anti-discrimination and all applicable labor requirements.

7.10. PUBLIC IMPROVEMENTS. Developer shall, at Developer's expense utilizing all available sources of debt and equity financing obtained by Developer, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities for the development of the Property.

7.11. AGENCY ACCESS TO THE PROPERTY. After Close of Escrow, during the period of construction and upon reasonable notice to Developer, Developer shall permit Agency representatives access, without charge, to the entire Property at any reasonable time during normal construction hours and for any reasonable purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project. Such representatives of Agency shall be those who are so identified in writing by the Agency. Each such representative of Agency shall identify himself or herself at the job site office upon his or her entrance to the Property, and shall provide Developer, or the construction superintendent or similar person in charge on the Property, a reasonable opportunity to have a representative accompany him or her during the inspection.

7.12. **PROJECT SIGN.** If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "Redevelopment Agency of the City of Sacramento" as a participant in the Project. The Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

7.13. **CERTIFICATE OF COMPLETION:** After the Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, the Agency will furnish the Developer with the Certificate of Completion certifying such completion. The Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA with respect to the obligations of the Developer to construct the Project as of the Completion Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

7.13.1. The Certificate of Completion shall not constitute evidence of compliance with any governmental requirements regarding the Project other than those of Agency or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance all or any part of the Project. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any provision of this DDA that is not related to construction of the Project.

7.13.2. If the Agency fails to provide a Certificate of Completion within fifteen (15) days after written request by Developer, the Agency shall, within an additional fifteen (15) days after a second written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Project in accordance with the provisions of the DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of the Agency, for the Developer to take or perform in order to obtain such certification.

7.14. **CONSTRUCTION PERIOD EXTENSION FEE.** After the Close of Escrow, if Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following said completion date, a construction period extension fee of Twenty-Five Dollars and No Cents (\$ 25.00) for each day by which the completion of construction is delayed beyond said completion date. Such construction period extension fee due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The number of days used in computation of the construction period extension fee shall be reduced by the number of days of Unavoidable Delay. Failure to pay such construction period extension fee when due is a material default of this DDA. Any unearned portion of an advance payment of any such extension fee shall be refunded by the Agency within thirty (30) days of completion of construction, or of termination of the DDA. If Developer is in material default under this DDA, Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such unpaid construction extension fee and to declare Developer in material default of this DDA. In any event, such construction extension fees shall not be accepted for a time period greater than six

(6) months excluding any period of Unavoidable Delay, at which time Developer shall be deemed in material default of this DDA.

7.15. **REPORTS.** During the period of construction, the Developer shall submit to the Agency a written report of the progress of the work as and when reasonably requested by the Agency, but not more often than once each month.

7.16. **NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS.** Developer shall assure notification of the Project general contractor, architects and engineers for the Project of the requirements of this DDA. Developer shall include, where applicable, the provisions of this DDA in construction contracts, materials and supplies contracts and services and consulting contracts for the Project to which Developer is a party, and Developer shall undertake the enforcement of such provisions.

7.17. **PROPERTY CONDITION; TITLE.**

a) Prior to Close of Escrow, Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations. If at any time prior to Close of Escrow, the Developer determines that the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put and the cost to make the Property suitable for such use is reasonably estimated to exceed twenty percent (20%) of the value of the Property, then Developer, at its sole option, may either (i) terminate this DDA, or (ii) take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

7.18. **ZONING OF THE PROPERTY.** Agency exercises no authority with regard to zoning of the Property. As of the Close of Escrow, Developer shall assure that zoning of the Property at the time of development shall be such as to permit the development and construction, use, operation and maintenance of the Project in accordance with the provisions of this DDA.

7.19. **HAZARDOUS SUBSTANCES.** Agency has obtained a Phase I assessment, and has delivered it to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may

be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed One Million Dollars (\$1,000,000), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA. As between Agency and Developer, Developer shall bear One Hundred percent of the costs related to such remediation.

7.20. DEVELOPER ACCESS TO PROPERTY. Prior to the conveyance of the Property by Agency to Developer, the Agency shall permit representatives of Developer to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out Developer's obligations under the DDA; provided, however, that Developer shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

7.21. TERMINATION. In the event that, prior to Close of Escrow, the Developer elects to terminate this DDA pursuant to any of the provisions of this DDA that provide for an express right of the Developer to so terminate this DDA, then the obligations and benefits of this DDA by and for each party shall be terminated as of the date of Developer's notice of termination to the Agency.

8. TERMINATION OF DDA UPON FULL PERFORMANCE. Provided it is not earlier terminated in accordance with its terms, this DDA shall terminate and be of no further force and effect upon Agency's issuance of a Certificate of Completion..

9. DEVELOPMENT FINANCING. Except as specifically provided in this DDA, Developer shall be responsible for and shall pay or cause to be paid all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to Developer, Developer shall provide the Agency with a complete and firm Project budget including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the Developer shall provide evidence, satisfactory to the

Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond the Agency Funding and the transfer of the Property to Developer at the Close of Escrow.

9.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by the Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 9.3); and (b) firm and binding loan commitment (as provided in Section 9.2) from the Lender providing the Construction Loan. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by the Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports, to the extent reasonably available.

9.2. COMMITMENT AND LOAN REQUIREMENTS. As a material obligation under this DDA, Developer shall assure that the loan documents for the Construction Loan are consistent with the Lender's commitment approved by the Agency and comply, in all respects, with this DDA. Developer shall assure that the Lender's commitment provides for a Construction Loan term not less than that specified in the Schedule of Performances for completion of construction, and is in an amount sufficient (when combined with the Developer equity and the Agency Funding) to balance the sources and uses for the construction and development of the Project, and otherwise complies with the terms of this Agreement.

9.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by the Agency, Developer may provide evidence of equity in the amount of a minimum of Seven Million Five Hundred Thousand Dollars and No Cents (\$7,500,000) sufficient (when combined with the Construction Loan described in Section 9.2 above and the Agency Funding) to balance the sources and uses for the construction and development of the Project and necessary to assure its timely and proper completion by any of the following actions: (a) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity; or (b) delivery to the Agency of a tax credit reservation letter for the project and an executed copy of the Partnership Agreement at close of Escrow. Developer shall not provide evidence of equity that includes funds not committed at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated Developer profit or fees or Developer contribution of services to the Project.

9.4. Developer shall apply for 9% Low Income Housing Tax Credits in the first (Spring) application round of 2011 in the Geographic Apportionment. In the event the project is not successful in receiving an allocation of 9% credits in the first round of 2011, the DDA will remain effective until December 31, 2012. In the event the Project is not successful in receiving an allocation of 9% LIHTC prior to December 31, 2012, all obligations and benefits of this DDA by and for each party shall be terminated.

10. INDEMNIFICATION FOR HAZARDOUS SUBSTANCES. Developer shall indemnify, protect and defend Agency, its officers, directors, council members and supervisors, employees, advisory committee members, and agents, and hold them harmless from any and all liability, costs, fees, fines, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to (i) the existence of Hazardous Substances on the Property that were not on the Property prior to Agency's transfer of possession of the Property to Developer or (ii) the removal or discharge of Hazardous Substances by Developer, or its employees, agents or contractors, during Developer's remediation of the Property pursuant to this Section.

Agency shall indemnify, protect and defend Developer, its officers, directors, employees, and agents, and hold them harmless from any and all liability, costs, fees, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to (i) Hazardous Substances discharged on the Property during Agency's ownership of the Property or (ii) the removal or discharge of Hazardous Substances by Agency or its employees, agents or contractors.

11. INDEMNIFICATION. During the period of construction on the Property after Close of Escrow and until such time as the Agency has issued a Certificate of Completion, Developer shall indemnify, protect, defend and hold harmless Agency, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from bodily injury, death and property damage related to the Project and caused by or resulting from the acts or omissions of Developer, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

During the period of construction on the Property after Close of Escrow and until such time as the Agency has issued a Certificate of Completion, Agency shall indemnify, protect, defend and hold Developer harmless from any and all liability from bodily injury, death and property damage related to the Project and caused by or resulting from the acts or omissions of Agency, its officers, commission members, employees, advisory committee members or agents and for any and all costs incurred by Developer in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Developer.

This indemnification provision shall survive the termination of this Agreement.

12. LIABILITY INSURANCE. With regard to this DDA, the Developer shall obtain and maintain for the life of the Regulatory Agreements, and require the Contractor and subcontractors for the Project to obtain and maintain for the term of the development of the Project, such insurance as will protect them, respectively, from the following claims which may result from the operations of the Developer, Contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable: (a) claims under workers' compensation benefit acts; (b) claims for damages because of bodily injury, occupational sickness or disease, or death of its employees; (c) claims for damages because of bodily injury,

sickness or disease, or death of any person other than its employees; (d) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the Developer, or (2) by any other person, claims for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; (e) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and (f) claims for contractual liability arising from the Developer's obligations under this DDA.

12.1. LIABILITY INSURANCE POLICY LIMITS. Developer shall obtain all insurance under this Section 12 written with a deductible of not more than ONE HUNDRED THOUSAND DOLLARS (\$100,000) or an amount approved by Agency, and for limits of liability which shall not be less than the following:

12.2. WORKER'S COMPENSATION. Developer shall obtain and maintain worker's compensation coverage shall be written for the statutory limits as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's liability of not less than \$1,000,000, or statutory limits, whichever are greater.

12.3. COMMERCIAL GENERAL LIABILITY. Developer shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better. Such insurance shall have limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project.

12.4. COMPREHENSIVE AUTOMOBILE LIABILITY. Developer shall obtain and maintain comprehensive automobile liability coverage for any vehicle used for, or in connection with, the Project (nonowned, hired) having a combined single limit of not less than \$1,000,000.

12.5. PROPERTY INSURANCE. For the duration of the Regulatory Agreements, Developer shall obtain and maintain property insurance in ISO policy form CP 10 30 - Building and Personal Property Coverage - Causes of Loss - Special Form, to the full insurable value of the Property with no coinsurance penalty (and with separate Builder's Risk policy until completion of construction of the Project), Boiler and Machine to the extent necessary to obtain full insurance coverage, and with such other endorsements and in such amounts as the Agency may reasonably require to protect the Project and the Property. In the event of damage to the Project and subject to the requirements of Lender, Developer shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

12.6. INSURANCE PROVISIONS. Each policy of insurance required under this DDA shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of B++ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by

Agency's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Agency's legal counsel in writing in advance:

12.6.1. **ADDITIONAL INSURED.** Developer shall obtain a policy an ISO form CG 20 33 endorsement or better, naming Agency as additional insured under the Commercial General Liability Policy.

12.6.2. **SINGLE AND AGGREGATE PROJECT INSURANCE.** It is the intent of the parties that the Project have available all the specified insurance coverages. The Developer may provide an aggregate policy if and only if (1) Developer or the respective Contractor or subcontractor has fully disclosed to Agency other projects which will or may be considered in aggregate with the Project, and thereafter, Developer shall immediately inform Agency if the insurance coverage provide by such aggregate policy may decrease below the level of coverage approved by the Agency due to the addition of other projects to the aggregate policy or a claim made upon the aggregate policy; and (2) Agency, in the exercise of its reasonable discretion, has determined that the aggregate policy provide equivalent or better coverage than the specified single project coverage amounts. Nevertheless, Agency may at any time require that the insurance coverage be provided solely for the Project in the event that the Agency reasonably determines that the aggregate policy no longer provides equivalent or better coverage than the specified single project coverage amounts.

12.6.3. **CERTIFIED POLICY COPY.** Developer shall provide Agency with a Certificate of Insurance for each policy on the applicable ACORD form and the policy's endorsement naming the Agency as an additional insured. The ACORD form shall not substitute for the policy. ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance deleting the sentence in the top right-hand block immediately below the title (commencing "This certificate is issued as a matter of information . . .) and in the bottom right-hand box above the authorized representative signature, deleting the words "but failure to do so shall impose not obligation or liability of any kind upon the insurer, its agents or representatives."

12.6.4. **CANCELLATION.** Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

12.6.5. **FAILURE TO MAINTAIN.** If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, the Agency shall have the right, but not the obligation, to purchase the insurance on Developer's behalf, and Developer shall promptly reimburse the full cost of such insurance to the Agency. If Developer fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 10 shall be a default under this DDA (see Section 11.3, below).

12.6.6. **BLANKET COVERAGE.** Developer's obligation to carry insurance as required under this Section 12 may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that the Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent

required by this Section, the coverage afforded the Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 12 with respect to such insurance shall otherwise be satisfied by such blanket policy.

13. DEFAULTS AND REMEDIES. Except as otherwise provided in the DDA, if either party defaults in its obligations under this DDA, the defaulting party shall immediately commence and diligently proceed to cure the default within thirty (30) days after written notice of default from the other party or, if reasonable, such longer time as is reasonably necessary to remedy such default if such default cannot reasonably be cured within thirty (30) days for reasons beyond the control of the defaulting party, provided that the defaulting party shall promptly begin and diligently pursue such cure to completion; provided, further, in the case of any default by the Developer, Developer's equity investor shall receive notice and shall have the right (but not the obligation) to cure such default on behalf of Developer. If the defaulting party does not promptly begin and diligently cure the default within a reasonable time, the other party may institute proceedings to cure the default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement, including without limitation, proceedings to compel specific performance by the defaulting party. Subject to any extension of time permitted by this DDA, a failure or delay by a party to perform any term or provision of this DDA constitutes a default of this DDA, subject to the cure provisions set forth above.

13.1. REVESTING TITLE IN AGENCY. Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of the Agency, but subject to any subordination required by Developer's Lender as a condition to the Construction Loan for the Project after conveyance of any part of the Property to Developer and prior to issuance of Certificate of Completion, if Developer defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of the Property, in violation of the DDA, then the Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or any part of the Property conveyed to Developer, and to terminate and re-vest in the Agency the estate so conveyed. The rights of the Agency under this Section 13.1 shall terminate upon issuance of the Certificate of Completion. It is the intent of this DDA that the conveyance of the Property to Developer shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section prior to the issuance of the Certificate of Completion, failure on the part of Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in the DDA, the Agency at its option may declare a termination in favor of the Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to the Agency. Such condition subsequent and any such re-vesting of title in the Agency shall always be subject to and limited by the lien or security interest authorized by the DDA, and any rights or interests provided in the DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with the DDA and for which a

Certificate of Completion issued as provided in the DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

13.1.1. RESALE OF REACQUIRED PROPERTY. Upon the revesting of title of the Property in the Agency pursuant to this Section 13.1., Agency shall use its best efforts to resell the Property, as soon and in such manner as the Agency shall find feasible and consistent with the objectives of the Redevelopment Plan and the Community Redevelopment Law, to a qualified and responsible party, as determined by the Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to the Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

13.1.2. AGENCY REIMBURSEMENT. Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Property (but less any net income derived by Agency from the Property after such revesting); all taxes, assessments, and water and sewer charges with respect to the Property (or, in the event the Property is exempt from such taxation or assessment during Agency's ownership, an amount equal to such taxes, assessment, or charges (as determined by local assessing authorities) as would have been payable if the Property were not so exempt); any payments necessary to discharge any encumbrances or liens existing on the Property at the time of such revesting or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing the Agency by the Developer.

13.1.3. DEVELOPER REIMBURSEMENT. After payment to Agency of the sum specified herein, said proceeds shall be paid to Developer to reimburse Developer in an amount not to exceed: (1) the sum of the purchase price paid by Developer for the Property and the cash actually expended by it in actual construction of any of the Project (including without limitation fees and expenses paid to any governmental agency on account of the Project, mitigation or development fees, the costs and expenses of all third-party architects, engineers, or similar design professionals, hard and soft costs of construction expended in construction of the Project, and Lender's interest, loan fees and other fees and charges on account of the Construction Loan); less (2) any gains or income withdrawn or made by it from the DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

13.1.4. BALANCE TO AGENCY. Any balance remaining after such reimbursements shall be retained by the Agency as its property.

13.2. OTHER RIGHTS AND REMEDIES. After the Close of Escrow, upon the occurrence of any default not subject to the preceding damages provisions, and the expiration of any applicable notice and cure period without a cure having occurred within the specified cure period, the non-defaulting party shall have the right to institute such actions as it may deem desirable to remedy

a default of this DDA as allowed under this DDA, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement, at law or in equity.

13.3. NONLIABILITY OF AGENCY OFFICIALS AND EMPLOYEES; NONLIABILITY OF DEVELOPER'S PARTNERS. No member, official or employee of Agency shall be personally liable under this DDA to Developer, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this DDA. No general partner of Developer, and no manager or member or officer or shareholder or agent or employee of a general partner of Developer shall be personally liable under this DDA to Agency, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to Agency or its successors, or on any obligations under the terms of this DDA.

13.4. FEES AND COSTS ARISING FROM DISPUTE. If an action is commenced between the parties, the Prevailing Party in that action shall be entitled to recover from the nonprevailing party all reasonable attorney fees and costs, witness fees, arbitrator's fees, and court and arbitration costs. "Prevailing Party" shall include without limitation a party who dismisses an action in exchange for sums allegedly due; the party who receives performance from the other party for an alleged breach of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

14. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS. If Developer has obtained a Construction Loan in compliance with the terms and conditions of Section 9.2 of this DDA, the Developer may obtain the Construction Loan and encumber the Property as security for the Construction Loan in accordance with the applicable terms of this DDA, provided that the proceeds of the Construction Loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms. The Lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, the Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a Loan, Developer shall provide the Agency with a conformed copy of all documents related to the Construction Loan. Agency acknowledges that a Lender will rely upon this DDA in making the Construction Loan and that Agency's obligations under this DDA are inducements to Lender's making of the Construction Loan.

14.1. NOTICES. If the Agency gives any notice of default to Developer under this DDA, the Agency shall contemporaneously give a copy of such notice to each Lender and to the Developer's equity investor who has requested such notice in the following form of request for notice at the address stated in such request for notice. Any such default notice that is not so delivered to Lender or Developer's equity investor shall not be effective or binding with regard to Lender such equity investor or otherwise affect Lender or such equity investor, but failure to deliver such default notice to such parties shall not affect its validity with respect to Developer. Such party shall use the following form for requesting notice:

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated _____ between the Redevelopment Agency of the City of Sacramento and Sacramento Housing and Redevelopment Agency and **Oak Park Senior Housing Partners, L.P.** (“DDA”). Lender requests, in accordance with the DDA, that if any default notice shall be given to Developer under the DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

14.2. ASSIGNMENTS AND TRANSFERS OF THE LOAN. Agency shall not be bound to recognize any assignment of Lender’s Construction Loan or related encumbrance of the Property unless and until Lender has given Agency written notice of the name and address of the assignee (and if more than one person is an assignee, the designated name and address for notices) and such assignee qualifies as a Lender under this DDA. Thereafter, such assignee shall be considered a Lender with respect to the Construction Loan and the related encumbrance on the Property.

14.3. LENDER NOT OBLIGATED TO CONSTRUCT. Notwithstanding any of the provisions of the DDA, Lender shall not be obligated by the provisions of the DDA to construct or complete the Project. Nothing in this Section or any other provision of the DDA shall be construed to permit or authorize Lender to devote the Property to any uses, or to construct any improvements on the Property, other than those uses or improvements provided or permitted in the DDA.

14.4. LENDER'S AND EQUITY INVESTOR'S OPTION TO CURE DEFAULTS. After any default of Developer's obligations under the DDA, each Lender and Developer’s equity investor shall have the right, at its option, to cure or remedy such default, within the time for cure allowed to Developer, and in the case of a Lender, to add the cost of such cure to the debt and the lien secured by the Property. The Agency shall accept such performance as if it had been performed by Developer; provided, however, that such Lender or equity investor shall not be subrogated to the rights of the Agency by undertaking such performance. If the breach or default relates to construction of the Project, however, Lender or equity investor shall not undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect Project or construction already made) unless Lender or equity investor assumes, in writing satisfactory to the Agency, Developer's obligations to complete the Project on the Property in the manner provided in the DDA. Any Lender or equity investor who properly completes the Project as provided in the DDA shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency in a manner provided in the DDA. Such certification shall mean that any remedies or rights with respect to the Property that the Agency may have because of Developer's failure to cure any default with respect to the construction of the Project on other parts of the Property, or because of any other default of the DDA by the Developer shall not apply to the part of the Property to which such Certification relates. Nothing in this Section shall be deemed to limit, modify or release any claim or remedy that the Agency may have against the Developer for such default.

14.5. DEFAULT BY DEVELOPER; NOTICE. In the event of a default by Developer after Close of Escrow but prior to issuance of a Certificate of Completion, Agency shall not terminate this DDA unless and until the Agency has given notice to Lender and Developer’s equity investor of such default, and Lender and Developer’s equity investor have failed to cure such default.

14.5.1. If such default cannot practicably be cured by such party without taking possession of the Property, then the Schedule of Performances (and, therefore, the Agency's right to terminate this DDA) shall be tolled if and so long as, all of the following are true: (a) such party has delivered to the Agency, prior to the date on which Agency is entitled to give notice of termination of this DDA, a written instrument satisfactory to Agency in which such party or its designee unconditionally agrees that it will commence the cure of such default immediately upon such party or its designee taking possession of the Property and will thereafter diligently pursue such cure to completion; provided, however, that neither the such party nor its designee shall be obligated to pay damages to the Agency on account of such default, except to the extent of any monies due and unpaid from Developer; (b) with respect to Lender, such Lender or its designee has rights to obtain possession of the Property (including possession by receiver) through foreclosure, deed in lieu of foreclosure or otherwise, and Lender or its designee promptly commences and diligently proceeds to obtain possession of the Property; (c) with respect to Lender, if such Lender is prevented by court action or by any statutory stay from prosecuting foreclosure proceedings, that Lender is diligently seeking relief from such action or stay; and (d) with respect to Lender, upon receiving possession of the Property, Lender or its designee promptly commences and diligently proceeds to cure such default in accordance with this DDA.

14.5.2. From and after the cure of such Developer default, Lender or Developer's equity investor or their respective designee, as applicable, is not required to obtain possession or to continue in possession of the Property. Nothing in this Section shall preclude the Agency from exercising any of its rights or remedies with respect to Developer during any period of such forbearance.

14.6. **FORECLOSURE.** Foreclosure of any encumbrance securing the Construction Loan, or any sale under such encumbrance, whether by judicial proceedings or by virtue of any power contained in such encumbrance, or any conveyance of the Property from the Developer to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, shall not require the consent of the Agency. Upon such foreclosure, sale or conveyance, the Agency shall recognize the resulting purchaser or other transferee as the Developer under this DDA, provided that such purchaser or transferee expressly assumes each and every obligation of the Developer under this DDA (except for the obligation to pay damages except to the extent of any monies due and unpaid from Developer under this DDA) by assumption agreement satisfactory to the Agency. If any Lender or its designee acquires Developer's right, title and interest under this DDA as a result of a judicial or nonjudicial foreclosure under any power contained in such encumbrance, or any conveyance of the Property from the Developer to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, such Lender or its designee shall have the right to assign or transfer Developer's right, title and interest under this DDA to an assignee; provided, however, that the assignee or transferee shall thereafter be subject to all of the terms and conditions of this DDA.

14.7. **MODIFICATIONS.** No modification or amendment to the DDA which materially and adversely affects the Lender's or Developer's equity investor's interest in the Property shall be

valid and effective unless such party's written consent to such modification or amendment has first been obtained, which consent shall not be unreasonably withheld.

14.8. FURTHER ASSURANCES TO LENDERS AND DEVELOPER'S EQUITY INVESTOR. Agency and Developer shall in good faith consider making such reasonable modifications to this DDA and executing such further instruments and agreements between them as a Lender or Developer's equity investor may reasonably request, provided such modifications, instruments and agreements do not materially, adversely affect any party's expectations or benefit, rights or obligations under this DDA and provided such modifications, instruments, and agreements serve a material economic purpose.

14.9. ESTOPPEL CERTIFICATE. Any party may, at any time, request in writing of any other party to certify in writing that, to the knowledge of the certifying party, (i) this DDA is in full force and effect and a binding obligation of the parties; (ii) this DDA has not been amended or modified, or, if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations under this DDA, or, if in default, describing the nature and extent of any such defaults. A party receiving such a request shall execute and return such certificate to the requesting party, or give a detailed written response explaining why it will not do so, within ten (10) days following its receipt. The Agency's designee shall be authorized to execute any such certificate requested by Developer from the Agency.

14.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER. In reliance on the financial capability and experience of Developer, substantial public financing and other public aids have been made available by law and by the federal and local governments to make development of the Property possible. Developer shall not, prior to issuance of a Certificate of Completion, assign Developer's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of Developer or the degree of their control of Developer without the prior written consent of Agency. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of Developer. Such a transfer as permitted in this Section shall relieve Developer, and any other Developer's party bound in any way by the DDA, from any of its obligations under the DDA. With respect to this provision, the Developer and the parties signing the DDA on behalf of the Developer represent that they have the authority of all of Developer's principals, to the extent required, to agree to and bind them to this provision.

14.10.1. The foregoing prohibition shall not apply to the following permitted transfers:

- a) A sale or transfer of an interest in Developer to a tax credit investor.
- b) The (i) sale, transfer, conveyance or pledge of limited partnership interests in the Developer, (ii) sale, transfer, conveyance or pledge of any partnership interest or membership interests in the limited partners of the Developer, or (iii) the appointment by the partners of the Developer of an additional or substitute general partner in accordance with the partnership agreement of the Developer; provided the Developer delivers prior written notice thereof to the Agency.

c) The transfer (i) of an interest in and/or of an existing partner to another existing partner, or (ii) of an interest in an existing general partner to an affiliate of any general partner, or (iii) of an interest in an existing general partner so long as such transfer, together with any prior transfer of an interest or interests in an existing general partner, do not result in more than forty-nine percent (49%) of the interest in an existing general partner having been transferred since the date hereof.

d) Transfers of an interest to a new partner which is an affiliate of an existing partner, including transfers of an additional general partner interest to an affiliate of the tax credit investor limited partner.

e) Transfers of an interest in a parent of a partner, provided, however, transfers of an interest in a parent of a partner performing the primary management functions on behalf of the Developer which results in the direct or indirect equity owners of such general partner, as of the date of this DDA, owning less than a controlling interest in such parent of such general partner shall be subject to the written consent of the Agency, which consent shall not be unreasonably withheld.

f) Transfer of the Project or partnership interests in the Developer's limited partnership to a general partner of Developer at the end of the fifteen year LIHTC initial compliance period.

15. DOCUMENT INTERPRETATION. This DDA shall be interpreted in accordance with the following rules.

15.1. ENTIRE DDA; SEVERABILITY. This DDA integrates all of the terms and conditions related or incidental to its subject matter, and supersedes all negotiations or previous agreements between the parties with respect to its subject matter. If any term or provision of this DDA shall, to any extent, be held invalid or unenforceable, the remainder of this DDA shall not be affected; provided that the intent of the DDA may then be reasonably fulfilled.

15.2. WAIVERS AND AMENDMENTS. All waivers of the provisions of this DDA must be in writing and signed by Agency or Developer, as applicable, and all amendments to this DDA must be in writing and signed by Agency and Developer. Any delay by Agency in asserting any rights under this Section shall not operate as a waiver of such rights or to deprive Agency of or limit such rights in any way. Any waiver in fact made by Agency with respect to any specific default by Developer under this Section shall not be considered as a waiver of the rights of Agency with respect to any other defaults by Developer under this Section or with respect to the particular default except to the extent specifically waived in writing.

15.3. CAPTIONS, GENDER AND NUMBER. The section headings, captions and arrangement of this DDA are for the convenience of the parties to this DDA. The section headings, captions and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and provisions of this DDA. The singular form shall include plural, and vice versa, and gender references shall be construed to include all genders.

15.4. **DRAFTER.** This DDA shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this DDA. All exhibits referred to in this DDA are attached to it and incorporated in it by this reference.

15.5. **MERGER.** All of the terms, provisions, representations, warranties, and covenants of the parties under this DDA shall survive the Close of Escrow and shall not be merged in the Grant Deed or other documents.

15.6. **TIME FOR PERFORMANCE.** In determining time for performance, it shall be construed that Agency and Developer shall each do the actions required of them, promptly and when specified in this DDA, and that each action specified in the Schedule of Performances shall be performed by the responsible party on or before the date scheduled for its completion.

15.7. **GOVERNING LAW.** This DDA shall be governed and construed in accordance with California law.

15.8. **NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this DDA or in any other document executed in connection with this DDA shall be construed as creating a joint venture or partnership between Agency and Developer. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as between Agency and Developer other than that of a governmental entity regulating the development of private property, and the owner of such private property.

15.9. **NO THIRD PARTIES BENEFITED.** This DDA is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to any property, benefits or funds at any time on deposit in the Construction Account or the Impound Account, if established.

15.10. **INSPECTION OF BOOKS AND RECORDS.** Agency has the right, at all reasonable times, to inspect the books and records of Developer regarding the Property as reasonably necessary to carry out its purposes under this DDA.

15.11. **OWNERSHIP OF DATA.** If this DDA is terminated, for any reason, prior to the completion of the Project, Developer shall deliver to Agency any and all data acquired for development of the Property. Agency shall have full ownership and rights to use such data.

15.12. **NOTICES.** All notices to be given under this DDA shall be in writing and sent to the following addresses by one or more of the following methods:

15.12.1. Addresses for notices are as follows:

a) Agency: Redevelopment Agency of the City of Sacramento
Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, California
95814, Attention: Bernadette Austin.

b) Developer: Oak Park Senior Housing Partners, L.P., 18201 Von Karman Avenue, Suite 900, Irvine, CA 92612, Attention: Steven Oh.

15.12.2. Notices may be delivered by one of the following methods:

a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

d) Telecopy or facsimile, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Attachment or to such other address as Developer or Agency may respectively designate by written notice to the other.

15.13. **SUCCESSORS.** This DDA shall inure to the benefit of and shall be binding upon the parties to this DDA and their respective successors, and assigns.

16. **DEFINITIONS.** The following definitions shall apply for the purposes of this DDA:

16.1. "Agency" is the Redevelopment Agency of the City of Sacramento and Sacramento Housing and Redevelopment Agency. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California. The principal office of the Agency is located at 801 12th Street, Sacramento, California 95814. Agency as used in this DDA includes the Redevelopment Agency of the City of Sacramento and Sacramento Housing and Redevelopment Agency and any assignee of or successor to its rights, powers and responsibilities. The Sacramento Housing and Redevelopment Agency is a joint powers agency which provides staffing for the operation of the Agency.

16.2. "Agency Funding" means: (i) the predevelopment loan entered into between Agency and Developer for predevelopment activities for the Project ("Predevelopment Loan"), (ii) the seller carry back loan entered into between Agency and Developer to finance Developer's acquisition of the Property ("Seller Carry Back Loan"), and (iii) the loan of funds from Agency to Developer for the construction and permanent financing of the Project ("Construction and Permanent Loan").

16.3. "Certificate of Completion" is the certificate issued by the Agency certifying Developer's completion of the Project and termination of the revestment provisions.

16.4. "City" is the City of Sacramento in the State of California.

16.5. "Close of Escrow" is the time for the close of the Escrow as provided in the Escrow Instructions.

16.6. "Contractor" is the contractor or contractors with whom Developer has contracted for the construction of the Project.

16.7. "Completion Date" is the date for completion of construction of the Project to the satisfaction of the Agency, which date shall be not sooner than the issuance of a certificate of occupancy for the entire Project. The Completion Date is stated in the Schedule of Performances.

16.8. "Construction Loan" means the commercial construction loan for the Project, obtained by the Developer in accordance with Section 9.2 of this DDA.

16.9. "DDA" is this Disposition and Development Agreement including the attachments to this DDA consisting of the exhibits named in and attached to this DDA, the Preliminary Plans and any other item expressly incorporated in this DDA, all of which are incorporated in this DDA as if included in full as provisions in the body of this DDA. A default of any of the items incorporated in the DDA by reference is a default of this DDA.

16.10. "Developer" is Oak Park Senior Housing Partners, L.P., a California limited partnership, in which the co-general partner is an affiliate of The Related Companies of California, LLC, a limited liability company, and the managing general partner is an affiliate of Affordable Housing Access, Inc., a California nonprofit public benefit corporation, or such other nonprofit entity reasonably acceptable to the Agency. The principal office of the Developer is located at 18201 Von Karman Avenue, Suite 900, Irvine, CA 92612. The principal of Developer is William Witte.

16.11. "Escrow" is the escrow for the transfer of the Property and for all requirements related to the transfer. The Title Company is the holder of the Escrow.

16.12. "Escrow Instructions" are the escrow instructions for the close of the Escrow for this DDA.

16.13. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by the Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at

Public Resources Code Section 21000) and the rules and regulations promulgated under such act. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by the Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

16.14. "Funding Agreements" are the documents that state the terms of Agency Funding.

16.15. "Grant Deed" is the grant deed for the transfer of the Property to Developer under this DDA. The Grant Deed contains covenants that run with the land, easements and a reverter provision.

16.16. "Hazardous Substances" as used in this DDA means all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: 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 Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

16.17. "Lender" shall mean the holder of any lien or encumbrance as security for the Construction Loan on all or any part of the Property which Construction Loan is made in accordance with this DDA or otherwise approved by Agency in writing.

16.18. "Plans" are the Project designs and elevations, prepared by the Project architect Mogavero Notestine Associates and dated July 28, 2010, a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

16.19. "Project" is the development of the Property as described in this DDA for the uses stated in this DDA. The Project includes all improvements rehabilitated and constructed on the Property in accordance with this DDA.

16.20. "Project Area" is the Oak Park Neighborhood Area, as defined in the Redevelopment Plan.

16.21. "Property" is the real property to be developed under this DDA by Developer, as more particularly described in the Property Description. The Property includes all improvements contained within the Property.

16.22. "Property Description" is the legal description of the various parcels of real property affected by this DDA. The Property Description is attached as **Exhibit 1: Property Description**.

16.23. "Purchase Price" is the purchase price for the Property as set out in Section 3.

16.24. "Redevelopment Plan" is the redevelopment plan for the Project Area (as it may be amended from time to time)

16.25. "Regulatory Agreement" is the agreement, which sets out the certain provisions of this DDA that shall survive the completion of the Project.

16.26. "Schedule of Performances" is the schedule that establishes the dates by which obligations of the parties under this DDA must be performed and on which conditions must be satisfied. The Schedule of Performances is attached as **Exhibit 2: Schedule of Performances**.

16.27. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 3: Scope of Development**.

16.28. "Title Company" is Old Republic Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is _____.

16.29. "Unavoidable Delay" is a delay in the performance by a party of any obligation which delay is unforeseeable and beyond the control of such party and without its fault or negligence. Unavoidable Delay shall include acts of God, acts of the public enemy, acts of the Federal Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, a general moratorium on financing for projects of the same type, systemic failure of the financial markets, and unusually severe weather (as for example, floods, tornadoes, or hurricanes) or delays of subcontractors due to such causes. In the event of the occurrence of any such enforced delay, the time or times for performance of such obligations of the parties shall be extended for the period of the enforced delay, as determined by the Agency, provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after it has or should have knowledge of any such enforced delay, have first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the enforced delay.

THE PARTIES HAVE EXECUTED THIS DDA in Sacramento, California, on the following dates, effective as of the date first written above.

DEVELOPER :
OAK PARK SENIOR HOUSING
PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP

By: Related/Oak Park Senior
Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: Frank Cardone
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners
MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public
benefit corporation,
its sole member and manager

By: Jonathan B. Webb
Jonathan B. Webb, President

Date: October 26, 2010

Approved as to form:

Developer Counsel

AGENCY:
THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

Date: _____

Approved as to form:

Agency Counsel

[NOTARIZED ACKNOWLEDGEMENTS]

EXHIBIT 1

Property Description

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

PARCEL ONE:

Lot 75, and a portion of Lot 76, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion of Lot 76 is more particularly described as being all that portion lying North of a line drawn parallel to and 40 feet South of the North of said lot (said 40 feet being measured along the Easterly line of Lot 76, being also the center line of a 20 foot alley).

APN: 014-0171-001

PARCEL TWO:

Portions of Lots 76 and 77, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portions are more particularly described as follows:

Commencing at a point in the center of an alley (being the East line of said Lot 77) located thereon Northerly 40 feet from the Southeasterly corner of said Lot 77, being also the Northeasterly corner of a tract of land conveyed to Mary Fosha by Deed dated September 19, 1925, and recorded in Book 713 of Deeds, Page 624, Sacramento County Records; thence running Northeasterly, along the center line of said alley 40 feet to a point on the East line of said Lot 76, distant 40 feet Southerly from the Northeasterly corner of said Lot 76 (being the Southeasterly corner of the tract of land conveyed to Amanda Gallaway by Deed dated February 4, 1931, and recorded in Book 331 of Official Records, Page 353); thence Westerly parallel with the Southerly line of said Lot 77 a distance of 165.908 feet, more or less, to a point on the East line of Sacramento Boulevard, being the Southwesterly corner of the tract of land conveyed to Gallaway; thence Southerly along the East line of Sacramento Boulevard (the West line of said Lots 76 and 77) a distance of 40.542 feet, more or less, to the point of intersection of a line drawn Westerly and parallel with the Southerly line of said Lot 77 from the point of commencement (the Northwesterly corner of Fosha); thence Easterly along said line so drawn, 157.1714 feet, more or less, to the point of commencement.

APN: 014-0171-020

PARCEL THREE:

A portion of Lot 77, as said lot is shown and designated on the Map of the "H. J Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion is more particularly described as ail that portion lying South of a line drawn parallel to and 40 feet Northerly of a line constructed at a right angle to the Southerly line of said Lot 77.

APN: 014-0171-019

PARCEL FOUR:

Lot 282, as said lot is show and designated on the Map of "South Oak Park", filed in Book 6 of

Maps, Map No. 9, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-018

PARCEL FIVE:

The North 40 feet of Lot 72, and all of Lots 73 and 74 as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36.

EXCEPTING THEREFROM said North 40 feet of Lot 72 the East ninety-nine feet thereof (as measured along the North line of said lot from the West line of 39th Street), being the land conveyed to Bart Christensen, et ux., by Deed dated November 20, 1984, and recorded December 17, 1984, in Official Records under Recorder's Serial Number 216187, in Book 841217 Page 1089.

NOTE: Said land being the same real property designated and described as "Parcel A' in that certain Certificate of Compliance recorded November 8, 1984, in Official Records under Recorder's Serial Number 194623, in Book 8411008 Page 861.

APN: 014-0171-025

PARCEL SIX:

Lot 283, as shown on the "Plat of South Oak Park", recorded in Book 6 of Maps, Map No. 9, records of said County, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-017

EXHIBIT 2**Schedule of Performances**

Tentative Dates	Activity
March 2011	Developer submits its first application for 9% Low Income Housing Tax Credits (LIHTCs) to the California Tax Credit Allocation Committee (TCAC)
No later than the date upon which TCAC announces the award winners for the TCAC application, pursuant to the terms of the DDA	TCAC reserves 9% LIHTCs for the project
Within 150 days of an allocation of 9% low income housing tax credits	Developer closes on construction financing
Within 60 days of close of construction financing	Construction begins
18 months after close of construction financing	Construction completed
21 months after close of construction financing	Project units placed in service

EXHIBIT 3

Scope of Development

The developer, Oak Park Senior Housing Partners, L.P., proposes to create a three-story tall, elevator-serviced mixed-use property at the intersection of Broadway and Martin Luther King, Junior Boulevard in the Oak Park Redevelopment Project Area in Sacramento. The residences will consist of 55 one-bedroom apartment units totaling approximately 580 square feet each and one two-bedroom manager's unit measuring approximately 800 square feet. All units except for the manager's unit will be affordable to very low-income and extremely low-income seniors. A total of 6 units will be affordable to residents at 30% Area Median Income (AMI), 33 units will be affordable to 45% AMI, and 16 units will be affordable to 50% AMI. The ground floor will contain community space for residents and approximately 3,700 square feet in commercial/retail space. The community space will include a multipurpose room, a lounge, a kitchen, a computer center, a fitness center, a library/theater, and laundry facilities.

**ACQUISITION LOAN AGREEMENT
BROADWAY AND MLK**

IN CONSIDERATION of their mutual promises, the parties agree as follows:

1. **LOAN.** The Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement. Lender and Borrower have entered this Loan Agreement as of the Effective Date.
2. **DEFINITIONS TABLES.** The capitalized terms in this Loan Agreement shall have the meanings assigned in the following Definitions Tables and in Section 3: Definitions. Terms being defined are indicated by quotation marks. If an item in the Definitions Table is marked "None", "Not Applicable", "N/A" or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan as the context may indicate.

"EFFECTIVE DATE"	***Date***	Being the date as of which this Loan Agreement shall be effective.
"LENDER"	The following public agency that is making the Loan, and whose legal status and address are:	
Name	Redevelopment Agency of the City of Sacramento	
Legal Status	A public body, corporate and politic	
Principal Address	801 12 th Street, Sacramento CA 95814	
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:	
Name	Oak Park Senior Housing Partners, L.P.	
Legal Status	A California limited partnership	
Principal Address	18201 Von Karman Avenue, Suite 900, Irvine, CA 92612	
"LOAN"	The Loan made by this Loan Agreement.	
"LOAN COMMITMENT"	Lender's loan commitment, made by letter dated as of	
"LOAN PROGRAM"	Lender's Loan Program, commonly known as	Oak Park Project Area Tax Increment
"LOAN AMOUNT"	Seven Hundred Twenty Eight Thousand Dollars and No Cents (\$728,000.00)	
"INTEREST RATE"	The interest rate is 0% per year, simple interest.	
"MATURITY DATE"	The first day of the 684th calendar month following the Effective Date.	
"PAYMENT SCHEDULE"	The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges. Monthly payments of principal and interest on the Loan shall begin on month one of year 18 following the Effective Date.	
"BORROWER EQUITY"	Seven Million Five Hundred Thousand Dollars and No Cents (\$7,500,000.00)	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
"SPECIAL TERMS"	NA	
"PROJECT"	Which is the Project to be developed on the Property with the Loan funds, described as:	New construction of a 56 residential unit mixed-use (residential and commercial) development on Broadway and Martin Luther King Boulevard in the Oak Park Redevelopment Project Area

B. "COLLATERAL" The Collateral securing repayment of the Loan, which Collateral consists of the following:		
"PROPERTY"	The following described real property, which is security for the Loan and the site of the Project:	
Address	Broadway and Martin Luther King Boulevard	
Assessor's Parcel Numbers	014-0171-001, 014-0171-017, 014-0171-018, 014-0171-019, 014-0171-020, 014-0171-025	
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit 1: Legal Description attached and incorporated by reference.	
Borrower's Title Interest	Borrower has fee interest in the Property or, if the Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow.	
"ADDITIONAL COLLATERAL"	The Additional Collateral securing repayment of the Loan is any additional security required by Lender under this Loan Agreement, including without limitation the following items, if any	

"PERSONAL PROPERTY"	Borrower's interest in the following personal property, tangible and intangible, and all other such property listed as security in this Loan Agreement:	Materials and supplies for the Project
OTHER ADDITIONAL COLLATERAL	Borrower's interest in the following property:	None

C. "ESCROW INFORMATION":		
"Title Company" and "Escrow Agent"	Old Republic Title Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow.
"Escrow"	The escrow with Escrow Agent	
"Closing Date"	***Closing Date***	Which is the date for close of the Escrow, as it may be extended.

D. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):	
EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	"Legal Description"
<u>Exhibit 2: Scope of Development</u>	"Scope of Development"
<u>Exhibit 3: Note Form</u>	"Note"
<u>Exhibit 4: Trust Deed Form</u>	"Trust Deed"
<u>Exhibit 5: Escrow Instructions</u>	"Escrow Instructions"

E. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval:
Construction Agreements for the Project
Architectural Agreement for the Project
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws
"Budget" for the Project
Evidence of financing as described in this Loan Agreement
Plans and Specifications as defined in this Loan Agreement

F. "ASSIGNED DOCUMENTS" Borrower shall assign the following documents to Lender:
Construction Contract
Architectural Contract

G. "CONSTRUCTION INFORMATION":		
"Completion Date"	18 months from the Close of Escrow	Which is the date on or before which the Completion of the Project must occur.
"General Contractor"	***TBD***	Which is the general contractor for construction of the Project.
"Project Architect"	Mogavero Notestine Associates	Which is the architect for design of the Project

H. "SPECIAL PROVISIONS" The following special provisions shall be in addition to the provisions of this Loan Agreement:
1. This Loan is made pursuant to the Disposition and Development Agreement between the Parties, made concurrently with this Loan Agreement ("DDA"). This Loan Agreement is subject to the DDA including without limitation, conditions precedent to funding the Loan or making disbursements of the Loan proceeds.
2. This loan is a seller carry back loan. Loan funds shall be used solely for Property acquisition costs.

3. **DEFINITIONS.** Terms not defined in this Loan Agreement shall have the definitions assigned in the Trust Deed. If a definition refers to an Exhibit that is a document form, the attached document is a true and correct copy of the document referenced. As used in this Loan Agreement, the following terms shall have the following meanings:

3.1. "Business Day" means regularly scheduled business day of the Sacramento Housing and Redevelopment Agency. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made

on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

3.2. "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

3.3. "Default Rate" is the maximum legal interest rate.

3.4. "Escrow" is the escrow with Title Company for the closing of the Loan.

3.5. "Escrow Instructions" means the Escrow Instructions for the Escrow signed by each of the parties to this Loan Agreement.

3.6. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the DDA, the Trust Deed, the Note and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan that remains uncured after expiration of all applicable notice and cure periods.

3.7. "Financial Statements" means the financial statements of Borrower including operating statements, balance sheets, and any other financial reports and information that Lender may require.

3.8. "Fixtures" means all fixtures located on or within the Property or now or later installed in or used in connection with any of the Property, including, as applicable and without limitation, all partitions, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, built-in refrigerators, and gas and electric machinery, appurtenances, and equipment, whether or not permanently affixed to the Project.

3.9. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

3.10. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

3.11. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

3.12. "Loan Agreement" means this Loan Agreement, all Exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

3.13. "Loan Documents" means the Note, this Loan Agreement, the Security Documents, and all other documents (including guaranties) evidencing, securing, or relating to the Loan.

3.14. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

3.15. "Personalty" means, whether or not listed as Additional Collateral, all of Borrower's interest in all accounts, contract rights, and general intangibles (specifically including any insurance proceeds and condemnation awards) arising out of the ownership or operation of the Property, and all furniture, furnishings, equipment, machinery, materials and supplies, leasehold interests in personal property, and all other personal property (other than Fixtures) of Borrower now or later located about the Property, together with all present and future attachments, accessions, replacements, substitutions, and additions, and the cash and noncash proceeds.

3.16. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

3.17. "Security Documents" means the Trust Deed, together with all other documents entered into between Borrower and Lender or by Borrower in favor of, or for the benefit of, Lender that recite that they are to secure the Loan.

3.18. "Title Policy" means the title insurance policies to be issued in connection with this Loan, as further defined in the Escrow Instructions.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally represents and warrants to Lender, as of the Close of Escrow, as follows:

4.1. **BORROWER'S POWERS.** Borrower has full power and authority to execute this Loan Agreement, the DDA, the Note, the Trust Deed, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

4.2. **BINDING OBLIGATION.** This Loan Agreement, the DDA, the Note, the Trust Deed, and each of the other Loan Documents each constitutes a legal and binding obligation of, and are valid and enforceable against Borrower, in accordance with the terms of each, their respective terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the rights of creditors generally or general principles of equity,

4.3. **NO VIOLATION.** The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which the Borrower is a party or by which it or the Property may be bound or affected.

4.4. **NO DEFAULT.** There is no Event of Default or Potential Default on the part of Borrower.

4.5. **TITLE TO PROPERTY.** At Closing, Borrower will be the sole legal and beneficial owner of the Property, which is free of all claims, liens, and encumbrances other than those shown in the Title Policy.

4.6. **NO UNAPPROVED LOANS.** Borrower has not received financing for either the acquisition of the Property, the use and operation of the Property, or the permanent financing of the Property except as has been fully disclosed to and approved by Lender in writing.

4.7. **TITLE OF PERSONALTY.** Until the construction loan closing, all Personalty is vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is subject only to the superior lien of the commercial construction loan for the Property obtained by Borrower (the "Commercial Construction Loan").

4.8. **TAXES PAID.** Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

4.9. **ACCURACY.** All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are to the best of Borrower's knowledge, accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

5. **LOAN.** Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount, to finance the acquisition of the Property and subject to the terms, conditions, representations, warranties, and covenants, all as stated in this Loan Agreement.

5.1. **PRINCIPAL AMOUNT.** The principal amount of the Loan shall be the Loan Amount.

5.2. **USE OF LOAN FUNDS.** Loan funds shall be used only for acquisition financing and for other purposes specified in the Loan Agreement.

5.3. **LOAN TERMS.** The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the

date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

5.4. NOTE AND SECURITY DOCUMENTS. The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of the Note is secured by the Trust Deed covering the Property. Borrower shall execute, as Trustor, the Trust Deed in favor of the Title Company in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

5.5. NO FEDERAL TAX EXEMPT BONDS. Lender hereby represents, warrants and covenants that the Loan shall not be funded, directly or indirectly, with the proceeds of any tax-exempt bonds. If requested by Borrower or Borrower's tax credit equity investor, Lender shall execute a letter at Close of Escrow confirming that the Loan has not been funded, directly or indirectly, with the proceeds of any tax-exempt bonds.

6. PERFORMANCE CONDITIONS. The following are conditions precedent to performance under this Loan Agreement:

6.1. CONDITION OF TITLE. Lender shall cause Escrow Agent to issue to Borrower (with a copy to Lender) the Preliminary Report, together with copies of all documents relating to title exceptions referred to in the Preliminary Report. At Close of Escrow, Lender's Trust Deed shall be a valid lien against the Property securing the Loan and subject to no exceptions to title (of record or off record) other than the exceptions listed in the "Conditions of Title" in the Escrow Instructions.

6.2. CONDITIONS TO LENDER'S PERFORMANCE. Lender's obligation to make the loan under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the and applicable Special Provisions, if any (c) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (d) Borrower's representations and warranties in this Loan Agreement are true and correct in all material respects as of the Close of Escrow, (e) the Agreement continues to be in full force and effect, no default on the part of Borrower has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under the Loan Agreement.

6.3. CONDITIONS TO BORROWER'S PERFORMANCE. Unless waived by Lender, Borrower's obligation to accept the loan under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (c) Lender has met the applicable Special Provisions, if any; (d) Lender's representations and warranties in this Loan Agreement are correct in all material respects as of the date of this Loan Agreement and as of the Close of Escrow; and (e) the Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under the Loan Agreement.

6.4. ESCROW. Unless already opened per the terms of the Disposition and Development Agreement between Lender and Borrower, the parties shall open the Escrow promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date.

6.5. COMMISSIONS. Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

7. ADDITIONAL SECURITY INSTRUMENTS. Upon request by Lender, Borrower shall execute and deliver to Lender a collateral assignment of contracts in favor of Lender collaterally assigning all contracts related to the Property. Lender may require such instrument at any time, and from time to time may require additions of new contracts and other property. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents.

8. CONDITIONS PRECEDENT TO LOAN DISBURSEMENT. Lender shall make a single disbursement of Loan proceeds at Closing. The obligation of Lender to make the disbursements under this Loan Agreement shall be subject to the following conditions precedent (subject only to the rights of the Permanent Lender):

8.1. No Event of Default or Potential Default of Borrower has occurred and is continuing.

8.2. The title company is irrevocably committed to issue to Lender a lender's title policy in the amount of the loan subject to the provisions of Section 6.1..

8.3. The representations and warranties of Borrower in the Loan Documents are correct in all material respects as of the date of the requested disbursement.

8.4. Borrower has paid Lender all commitment, loan, and other fees then due, and Borrower has submitted to, and Lender has approved in writing, all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement.

8.5. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents.

8.6. There is no legal action threatened or pending against Borrower or affecting the Property or any Additional Collateral.

8.7. All conditions to Close of Escrow have been satisfied in accordance with the Loan Agreement

8.7.1. Borrower has filed all tax returns required to be filed and paid all taxes due, which, if unfiled or unpaid, might adversely affect Lender's security under the Security Documents.

8.7.2. Lender has provided proof of all insurance required by this Loan Agreement.

9. DEFAULTS

9.1. **EVENTS OF DEFAULT.** At the option of Lender, each of the following events will constitute a default after expiration of all applicable cure rights, if any (each an "Event of Default"):

9.1.1. The occurrence of an Event of Default under the Trust Deed or DDA.

9.1.2. Borrower's material failure to comply with any Governmental Requirements; provided, however that Borrower's right to challenge the Governmental Requirements is not abridged.

9.1.3. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the occupancy or use of the Property, unless Borrower has renewed the same or otherwise cured the lapse within thirty (30) days after Lender's issuance of a notice of the default.

9.1.4. The filing of any lien against the Property, if the claim of lien continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender.

9.1.5. The attachment, levy, execution, or other judicial seizure of any portion of the Property, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

10. REMEDIES

10.1. **OPTION TO ACT.** On the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

10.1.1. Terminate its obligation to make disbursements.

10.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due.

10.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or

any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies.

10.1.4. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement or the Trust Deed.

10.1.5. Make any unauthorized payment from Loan Proceeds or other funds of Lender.

10.1.6. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the Default Rate from the date the funds were spent until repaid which amounts will be deemed secured by the Trust Deed.

10.2. **RIGHTS CUMULATIVE, NO WAIVER.** All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

10.3. **DISCLAIMER.** Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable for the failure to protect the Property; the payment of any expense incurred in connection with the exercise of any remedy available to Lender; or the performance or nonperformance of any obligation of Borrower.

11. **FIRE, HAZARD AND EXTENDED COVERAGE INSURANCE.** For the duration of Loan Agreement, Borrower shall obtain and maintain fire and hazard insurance to the full insurable value of the Property with endorsements of extended coverage, vandalism, and malicious mischief, and with such other endorsements and in such amounts as the Lender may reasonably require to protect the Property. In the event of damage to the Property and subject to the requirements of Lender, Borrower shall use the proceeds of such insurance to reconstruct the Property and, if covered, the public improvements.

11.1. **INSURANCE PROVISIONS.** Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A-V or better, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date.

11.2. **FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, the Lender, after providing Borrower with not less than 7 days notice, shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to the Lender. If Borrower fails to reimburse the Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

12. MISCELLANEOUS.

12.1. **NONRECOURSE.** Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, neither Borrower nor any of Borrower's partners, principals, agents, officers, and successors in interest or their partners shall be personally liable for the payment of the Loan or any obligation of the Loan. Lender's sole recourse for the repayment of the Loan upon an Event of Default is to exercise its remedies under the Trust Deed or any other document that secures the Loan.

12.2. Lender agrees to accept any cure of any Event of Default offered by Borrower's limited partners on the same basis as if such cure were made by Borrower.

12.3. **SUBORDINATION.** Lender will subordinate this Loan to the Commercial Construction Loan and shall execute a subordination agreement reasonably requested by the Commercial Construction Loan lender.

12.4. **FEDERAL REQUIREMENTS.** If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender shall fully cooperate with, and assist, Borrower in fulfillment of such obligations.

12.5. **NATURE OF REPRESENTATIONS AND WARRANTIES.** Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower, will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

12.6. **FINANCIAL STATEMENTS.** Borrower shall provide Financial Statements to Lender, as and when reasonably requested to assure the good status of the Loan and the Property, but in any event not more than monthly/quarterly during the construction of the Project or annually, thereafter..

12.7. **NO WAIVER.** No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

12.8. **NO THIRD PARTIES BENEFITED.** This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns,.

12.9. **NOTICES.** All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above by one or more of the following methods:

- (a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;
- (b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;
- (c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or
- (d) Telecopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Attachment or to such other address as Borrower or Lender may respectively designate by written notice to the other.

In addition, copies of all notices to Borrower shall also be sent to: [Limited Partner] _____.

12.10. **ACTIONS.** Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses,. This Section does not apply to actions or proceedings between the parties.

12.11. ASSIGNMENT. The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property or any Personalty or Fixtures now or later on the Property without the prior written consent of Lender or as otherwise permitted under the DDA. Lender may at any time assign the Loan Documents to any affiliate of Lender or to a national bank or other lender having construction lending experience, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents. In addition, Lender may at any time assign a participation in the Loan to any other party, provided that Lender continues to be primarily obligated under this Loan Agreement.

12.12. PREPAYMENT. Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

12.13. BORROWER, LENDER RELATIONSHIP. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower.

12.14. CONTROLLING LAW; VENUE. The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California.

12.15. CONSENTS AND APPROVALS. All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

12.16. SURVIVAL OF WARRANTIES AND COVENANTS. The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Indebtedness has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Indebtedness or the termination of any Loan Document.

12.17. RECORDING AND FILING. Borrower, at its expense, will cause the Security Documents and all supplements to be recorded and filed and re-recorded and re-filed in any manner and in any places as Lender will reasonably request, and will pay all recording, filing, re-recording, and re-filing taxes, fees, and other charges.

12.18. LOAN EXPENSES. Borrower shall pay all expenses specifically incurred in connection with the Loan or the preparation, execution, and delivery of the Loan Documents, including, but not limited to, recording costs and expenses, transfer and other taxes (if any), surveys, appraisal fees, title and hazard insurance premiums, recording, notary, and escrow charges, and all other similar, usual, or customary loan closing charges and expenses; and any other budgeted expenses that have been approved by Lender in writing ("Loan Expenses"). Borrower shall hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. Provided, however, that in making the first disbursement of a subsequent predevelopment loan or construction and permanent loan for the Project, Lender shall deduct from the proceeds of that disbursement a sum equal to the Loan Expenses. All Loan Expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.

12.19. NO REPRESENTATIONS BY LENDER. By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of income and expense, or other Financial Statement, survey, appraisal, or insurance policy, Lender will not be deemed to have warranted or represented the sufficiency, legality,

effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

12.20. **AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

12.21. **TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Indebtedness owing by Borrower to Lender.

12.22. **COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

12.23. **SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

12.24. **CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

12.25. **INDEMNITY.** Except for claims due to Lender's negligence or willful misconduct, Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any of Borrower's contractors, subcontractor, engineer, or architect with respect to the Property, or any portion of it, except to the extent the same was caused by the negligent act or willful misconduct of Lender. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note and the reconveyance or partial reconveyance of the Trust Deed.

12.26. **FURTHER ASSURANCES.** At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.

12.27. **DISCLOSURE OF INFORMATION.** If Lender elects to sell the Loan, Lender may forward to the buyer of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

12.28. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

12.29. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

12.30. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. Person means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the Effective Date.

BORROWER :
OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP

By: Related/Oak Park Senior Development Co.,
LLC,
a California limited liability company
its Administrative General Partner

By: _____
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit
corporation,
its sole member and manager

By: _____
Jonathan B. Webb, President

LENDER:
REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

Date: _____

Approved as to form:

Lender Counsel

**EXHIBIT 1
LEGAL DESCRIPTION**

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

PARCEL ONE:

Lot 75, and a portion of Lot 76, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion of Lot 76 is more particularly described as being all that portion lying North of a line drawn parallel to and 40 feet South of the North of said lot (said 40 feet being measured along the Easterly line of Lot 76, being also the center line of a 20 foot alley).

APN: 014-0171-001

PARCEL TWO:

Portions of Lots 76 and 77, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portions are more particularly described as follows:

Commencing at a point in the center of an alley (being the East line of said Lot 77) located thereon Northerly 40 feet from the Southeasterly corner of said Lot 77, being also the Northeasterly corner of a tract of land conveyed to Mary Fosha by Deed dated September 19, 1925, and recorded in Book 713 of Deeds, Page 624, Sacramento County Records; thence running Northeasterly, along the center line of said alley 40 feet to a point on the East line of said Lot 76, distant 40 feet Southerly from the Northeasterly corner of said Lot 76 (being the Southeasterly corner of the tract of land conveyed to Amanda Gallaway by Deed dated February 4, 1931, and recorded in Book 331 of Official Records, Page 353); thence Westerly parallel with the Southerly line of said Lot 77 a distance of 165.908 feet, more or less, to a point on the East line of Sacramento Boulevard, being the Southwesterly corner of the tract of land conveyed to Gallaway; thence Southerly along the East line of Sacramento Boulevard (the West line of said Lots 76 and 77) a distance of 40.542 feet, more or less, to the point of intersection of a line drawn Westerly and parallel with the Southerly line of said Lot 77 from the point of commencement (the Northwesterly corner of Fosha); thence Easterly along said line so drawn, 157.1714 feet, more or less, to the point of commencement.

APN: 014-0171-020

PARCEL THREE:

A portion of Lot 77, as said lot is shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion is more particularly described as ail that portion lying South of a line drawn parallel to and 40 feet Northerly of a line constructed at a right angle to the Southerly line of said Lot 77.

APN: 014-0171-019

PARCEL FOUR:

Lot 282, as said lot is show and designated on the Map of "South Oak Park", filed in Book 6 of Maps, Map No. 9, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-018

PARCEL FIVE:

The North 40 feet of Lot 72, and all of Lots 73 and 74 as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36. EXCEPTING THEREFROM said North 40 feet of Lot 72 the East ninety-nine feet thereof (as measured along the North line of said lot from the West line of 39th Street), being the land conveyed to Bart Christensen, et ux., by Deed dated November 20, 1984, and recorded December 17, 1984, in Official Records under Recorder's Serial Number 216187, in Book 841217 Page 1089.

NOTE: Said land being the same real property designated and described as "Parcel A' in that certain Certificate of Compliance recorded November 8, 1984, in Official Records under Recorder's Serial Number 194623, in Book 8411008 Page 861.

APN: 014-0171-025.

PARCEL SIX:

Lot 283, as shown on the "Plat of South Oak Park", recorded in Book 6 of Maps, Map No. 9, records of said County, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-017

EXHIBIT 2
SCOPE OF DEVELOPMENT

The developer, The Related Companies of California, LLC, proposes to create a three-story tall, elevator-serviced mixed-use property at the intersection of Broadway and Martin Luther King, Junior Boulevard in the Oak Park Redevelopment Project Area in Sacramento. The residences will consist of 55 one-bedroom apartment units totaling approximately 580 square feet each and one two-bedroom manager's unit measuring approximately 800 square feet. All units except for the manager's unit will be affordable to very low-income and extremely low-income seniors. A total of 6 units will be affordable to residents at 30% Area Median Income (AMI), 33 units will be affordable to 45% AMI, and 16 units will be affordable to 50% AMI. The ground floor will contain community space for residents and no less than 3,700 square feet in commercial/retail space. The community space will include a multipurpose room, a lounge, a kitchen, a computer center, a fitness center, a library/theater, and laundry facilities.

EXHIBIT 3

**PROMISSORY NOTE
FOR BROADWAY/MLK
ACQUISITION LOAN AGREEMENT**

BORROWER HAS MADE THIS PROMISSORY NOTE ("NOTE") AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked "None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
"Effective Date"	***Date***
"Lender"	Redevelopment Agency of the City of Sacramento
"Borrower"	Oak Park Senior Housing Partners, L.P.
"Borrower Legal Status"	A California limited partnership
"Loan Agreement"	The Acquisition Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan ("Loan") evidenced by this Note.
"Close of Escrow"	The fulfillment of the escrow terms and conclusion of the escrow for the funding of the loan pursuant to the Loan Agreement.
"Principal Amount"	Seven Hundred Twenty Eight Thousand Dollars and No Cents (\$728,000.00)
"Interest Rate"	The interest rate is 0% per year, simple interest.
"Accrual Date"	Interest shall accrue starting on the following "Accrual Date": Close of Escrow
"Special Terms"	N/A
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
"Maturity Date"	The first day of the 684th calendar month following the Effective Date.
"Payment Start Date"	The payment shall be due in a lump sum on the Maturity Date.
"Payment Amount(s)"	The unpaid balance of the Loan, including without limitation principal and interest, shall be all due and payable on the Maturity Date.

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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under a loan agreement between Borrower and Lender dated as of the Loan Date ("Loan Agreement"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Disposition and Development Agreement ("DDA"), the making of which is further consideration for this Note.

On the Maturity Date, the unpaid balance of said principal sum, together with all unpaid interest, fees and charges due, if any, shall become due and payable. All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12th Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.
3. This Note is secured by a Deed of Trust with Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the real property is sold, transferred or conveyed to any person, whether voluntarily or involuntarily, except as expressly permitted under the Trust Deed. The Trust Deed further provides that if Borrower does not comply with the requirements of the DDA Agreement, subject to any applicable notice and cure period, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.
4. Lender and Borrower shall comply with and fulfill the Special Terms, if any.
5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:
 - a. Borrower defaults in the payment of any principal or interest when due.
 - b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
 - c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.
 - d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, the Regulatory Agreement or this Note and Borrower fails to cure within 30 days after receipt of notice, or in the event the default cannot reasonably be cured within 30 days, Borrower fails to commence the cure within 30 days and diligently pursue the cure to completion. The limited partner of Borrower is entitled to cure any defaults on behalf of the Borrower within the same specified time periods, said cure periods shall not extend statutory periods and times for notice and commencement of foreclosure.
 - e. Borrower fails to perform, after the expiration of applicable cure periods, any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.
 - f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.
 - g. The occurrence of any of the following:
 - 1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.
 - 2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower which are not stayed within 90 days.
 - 3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower which are not stayed within 90 days.
6. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.
7. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.
8. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.
9. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.
10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note and the Trust Deed, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Loan Date.

BORROWER :

**OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: _____
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Jonathan B. Webb, President

EXHIBIT 4

**DEED OF TRUST AND ASSIGNMENT OF RENTS
BROADWAY/MLK**

For purposes of this Deed of Trust the following capitalized terms shall have the meanings ascribed in the space adjacent to them:

TERM	DEFINITION	
“Effective Date”	***Date***	
“Trustor” and “Borrower”	Oak Park Senior Housing Partners, L.P., a California limited partnership	
“Borrower Address”	18201 Von Karman Avenue, Suite 900, Irvine, CA 92612	
“Trustee”	Old Republic Title Company	
“Beneficiary” and “Lender”	Redevelopment Agency of the City of Sacramento, a public body, corporate and politic	
“Lender Address”	801 12 th Street, Sacramento, California 95814	
“Property”	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.	
	Address	Broadway and Martin Luther King Boulevard
	Assessor’s Parcel Number	014-0171-001, 014-0171-017, 014-0171-018, 014-0171-019, 014-0171-020, 014-0171-025
“Legal Description”	The Legal Description of the Property which is more particularly described in the attached Exhibit 1 Legal Description , which is incorporated in and an integral part of this Deed of Trust	
“Loan”	Which is Lender’s loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.	
“Loan Agreement”	Which is the Acquisition Loan Agreement between Lender and Borrower stating the terms and conditions of the Loan.	
	Which is dated:	***Date***
“DDA”	Which is the Disposition and Development Agreement between Lender and Borrower stating the terms and conditions of the transfer and development of the Property.	
	Which is dated:	***Date***
“Additional Notices”	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
“Note”	Which is Borrower's note made in accordance with the Loan Agreement securing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender, with interest.	
	Which has a principal sum of	Seven Hundred Twenty Eight Thousand Dollars and No Cents (\$728,000.00)

THIS DEED OF TRUST is made as of the Effective Date between the Trustor also referenced as the Borrower, the Trustee, and the Beneficiary also referenced as Lender.

Borrower, in consideration of the indebtedness described below and the trust created by this Deed of Trust, irrevocably grants and conveys the Property to Trustee, in trust with power of sale.

Together with all the improvements now or subsequently erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including but not limited to all gas and

electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

To secure to Lender: (a) the repayment of the Loan; and (b) the performance of the covenants and agreements of Borrower contained in this Deed of Trust, the DDA, the Note, or the Loan Agreement.

Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Deed of Trust and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note and thereafter to the unpaid principal of the Note.
2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust. Provided, however, Borrower shall have the right to contest such amount in good faith provided that Borrower causes any such lien to be released from the Property by the posting of a bond or by other appropriate means.
3. Hazard Insurance. Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to Borrower's operation of the Property. Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, as and to the extent provided in the Loan Agreement.

Unless Lender and Borrower otherwise agree in writing, any such application of insurance proceeds to principal shall not extend or postpone the due date of any Loan payment or change the amount of such payment. If the Property is acquired by Lender pursuant to this Deed of Trust, all right, title and interest of Borrower in and to any insurance policies and proceeds of such policies resulting from damage to the Property prior to the sale of acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

4. Liability Insurance. In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.

5. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.

6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in

the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedant, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 6, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. In any event, this Section shall be construed as a right and an option of Lender and shall not be construed to require Lender to incur any expense or take any action.

7. Inspection. Lender, by its designated representative, may make reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower and any occupant of the Property reasonable prior notice of any such inspection.

8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, shall be applied as provided in the Loan Agreement.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

9. Borrower Not Released. Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

10. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy under this Deed of Trust, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust, the Note, the Loan Agreement or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. Successors and Assigns Bound; Joint and Several Liability Captions. The covenants and agreements contained in this Deed of Trust shall bind, and the rights under this Deed of Trust shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or to define its provisions.

13. Notice. Except for any notice required under applicable law to be given in another manner, any notice to be given under this Deed of Trust shall be given as provided for in the Loan Agreement. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated.

14. Governing Law; Severability. This Deed of Trust shall be governed by the law of the State of California. If any term or provision of this Deed of Trust shall, to any extent, be held invalid or unenforceable, the remainder of this Deed of Trust shall remain in full force and effect and the invalid or unenforceable provision shall be valid and enforceable as to any other person or circumstance.

15. Acceleration on Transfer or Refinancing of the Property; Assumption. Except as otherwise provided in the Loan Agreement or DDA, if all or any part of the Property or an interest in the Property is sold or transferred or refinanced by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower, or any of its principals or anyone with a substantial legal interest in Borrower, may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by this Deed of Trust.

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property), the DDA or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. The limited partner of Borrower is entitled to cure any defaults on behalf of the Borrower within the same specified time periods; said cure periods shall not extend statutory periods and times for notice and commencement of foreclosure. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any portion of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale, in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements it contains. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto as determined by Lender. In the event of a dispute regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

17. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security, Borrower assigns to Lender the rents of the Property, provided that Borrower shall, prior to an acceleration for breach as provided above or abandonment of the Property, have the right to collect such rents as they become due.

Upon acceleration for breach or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender, its agent, or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender, its agent and the receiver shall be liable to account only for those rents actually received.

18. Prior Lienholder. The provisions of this Deed of Trust shall operate subject to the claims of prior lienholders to the extent of such claims.
19. Nonrecourse. Notwithstanding any provision of this Deed of Trust or any document evidencing or securing this Loan, Borrower, and Borrower's principals, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan and Lender's sole recourse is to the collateral secured by this Deed of Trust
20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.
21. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.
22. Request for Notice. Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.
23. Statement of Obligation. Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.
24. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.
25. Extended Use Agreement. In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by the Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender agrees to comply with all the following rule contained in Section 42(h)(6)(E)(ii) of the Code shall apply: For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

BORROWER :

**OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: _____
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Jonathan B. Webb, President

EXHIBIT 5
JOINT ESCROW INSTRUCTIONS
FOR AGENCY LOAN

“Effective Date”	
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Agency and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the Agency loan secured by the Property.

ARTICLE I. GENERAL TERMS.

1. **GENERAL.** These Escrow Instructions, in addition to items listed below, include Article II Instructions, which is attached to and incorporated in these Escrow Instructions by this reference.

2. **DEFINITIONS.** The capitalized terms in these Escrow Instructions shall have the meanings assigned in Article I General Terms and as defined in Article II Instructions. (Terms being defined are indicated by quotation marks.)

“Title Company”	Old Republic Title Company		
	Address:	555 12th Street, Suite 2150, Oakland, CA 94607	
“Escrow” with Title Company	Escrow Number:	1117007635-JM	Attention: Julie Massey
“Agency”	Redevelopment Agency of the City of Sacramento		
	Address:	801 12 th Street, Sacramento, CA 95814	
	Attention:	Bernadette Austin	
“Borrower”	The Related Companies of California, LLC		
	Address:	18201 Von Karman Avenue, Suite 900, Irvine, CA 92612	
	Attention:	Steven Oh	
“Closing Date”			
“Property”	Address:	Broadway and Martin Luther King Boulevard	APN: 014-0171-001, 014-0171-017, 014-0171-018, 014-0171-019, 014-0171-020, 014-0171-025
Description of the transaction	A seller carry back loan for the value of the Agency owned property at Broadway and MLK in exchange for the transfer of the property to the Borrower		

“Recorded Documents”- The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.	Documents: Disposition and Development Agreement Grant Deed Deed of Trust for Acquisition Loan Regulatory Agreement Notice of Affordability Covenants	Marked for return to: Sacramento Housing and Redevelopment Agency 801 12 th Street Sacramento, CA 95814 Attn: Portfolio Management
“Agency Items”	Promissory Note for subject loan	
	Loan Agreement for the Acquisition Loan	
	Note for the Acquisition Loan	
	Authorizing resolutions for all Borrower signatories	
	Conformed copies of recorded documents	
“Borrower Items”		

“Special Provisions”:	Title Policy shall, in addition to customary endorsements, bear the following endorsements: <ul style="list-style-type: none"> • For the Regulatory Agreement CLTA 124.1
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	<ul style="list-style-type: none"> • ALTA 102.5 Foundation Endorsement • ALTA Rewrite upon project completion • LTA 101.1 Mechanic's Lien Endorsement
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“Agency Title Policy” in the form of an ALTA Agency’s Policy insuring that the following are valid liens against the property:	Documents:	Coverage amount:	
	Regulatory Agreement and Trust Deeds	In the amount of the loans secured (\$728,000)	
The title policies shall be subject only to the following “Conditions of Title”:	Items 1-9, 16-24 of Title Company’s Preliminary Report for the Escrow	Dated:	June 6, 2010
		Number:	1117007635-JM

THE PARTIES HAVE EXECUTED THESE ESCROW INSTRUCTIONS in Sacramento, California as of the date first written above.

BORROWER:
OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By: Related/Oak Park Senior Development Co.,
 LLC,
 a California limited liability company
 its Administrative General Partner

By: _____
 LaShelle Dozier
 Executive Director

By: _____
 Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
 a California limited liability company
 its Managing General Partner

By: Affordable Housing Access, Inc.
 a California nonprofit public benefit
 corporation,
 its sole member and manager

By: _____
 Jonathan B. Webb, President

ARTICLE II. INSTRUCTIONS

13. **CLOSING DATE.** Escrow shall close on or before the Closing Date as it may be changed from time to time by written agreement of Borrower and Agency.

14. **CONDITIONS TO CLOSE OF ESCROW.** "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

14.1. **CONDITIONS.** The following are conditions to the Close of Escrow:

14.1.1. The conditions precedent to performance stated in the Recorded Documents are satisfied as of the Closing Date.

14.1.2. Simultaneously with the Close of Escrow, Title Company shall issue the Agency Title Insurance to Agency (at Borrower's cost) in the amount stated. The Agency Title Insurance shall include all usual and customary endorsements and any endorsements and other commitments as Agency may reasonably require. The Agency Title Insurance shall show the Recorded Documents marked for return to Agency as valid liens against the Property in favor of the Agency, subject only to the Conditions of Title, and securing, as applicable, Borrower's performance of its obligations and repayment of Agency Funding.

14.1.3. Prior to the Closing Date, the parties shall duly execute (in Escrow or prior to deposit in Escrow) each such document and shall execute those to be recorded in a manner suitable for recording.

14.1.4. On or before the Closing Date, Agency shall also deposit with Title Company the Borrower Items and any Loan Amount then to be disbursed under this Agreement, but not less than closing costs, fees and charges required for Close of Escrow.

14.1.5. On or before the Close of Escrow, Borrower shall also deposit with Title Company the Agency Items and Borrower's share of closing costs and fees.

14.1.6. Title Company is satisfied that all required funds have been deposited in Title Company's account for the Escrow, have cleared the originating bank and are available for transfer by Title Company's check or wire transfer to the appropriate party.

14.2. **TRUST DEED FORM.** If no exhibit setting out the form of the Trust Deed form is attached, the Title Company shall draw the Trust Deed on the Title Company's Long Form Deed of Trust. Title Company shall assure that the Trust Deed includes a standard clause giving Agency the option to accelerate the Loan upon the sale, conveyance, transfer or further encumbrance of the Property, whether voluntary or involuntary. Title Company shall also affix the following provision to the Trust Deed and incorporate it in the Trust Deed by reference:

"The Loan Agreement requires the filing of the "Regulatory Agreement" that is defined in the Loan Agreement. The Regulatory Agreement contains covenants running with the land and is recorded against the Property. If Developer does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Agency's written notice to Developer of such failure, the principal balance of the Loan shall, at Agency's option, be immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds."

14.3. **UPON CLOSE OF ESCROW.** The Close of Escrow shall take place on the Closing Date. On the Closing Date, Title Company shall complete the Close of Escrow as follows and in the following order (unless otherwise stated, all recorded documents are recorded with the Sacramento County Recorder):

14.3.1. Assure fulfillment of the Special Provisions;

14.3.2. Assure all documents are complete and affix legal descriptions of the Property as necessary to complete them;

14.3.3. Obtain full execution of all unexecuted documents;

14.3.4. Date all undated documents as of the Closing Date;

14.3.5. Record the Recorded Documents in the priority listed;

14.3.6. Determine all closing costs and fees; including without limitation, all charges, fees, taxes and title insurance premiums payable under this Agreement on Close of Escrow and any other fees and charges approved for payment from Escrow by both parties and deduct such fees from the Loan proceeds deposited by Agency in Escrow;

14.3.7. Deliver the Agency Items to Agency and the Borrower Items to Borrower; and

14.3.8. Prepare and deliver to Borrower and Agency, respectively, one signed original of all documents included for delivery to either party and not delivered for recording, one signed original of Title Company's closing statement showing all receipts and disbursements of the Escrow, and one conformed copy of each of the recorded documents.

14.4. INABILITY TO CLOSE. If Title Company is unable to simultaneously perform all of the preceding instructions, Title Company shall notify Borrower and Agency, and upon each of their directions return to each party all documents, items and funds deposited in Escrow by such party (less fees and expenses incurred by the respective party) and bill the respective parties for any unpaid fees and expenses incurred in Escrow. If Escrow fails to close on the Closing Date because Borrower has not complied with Borrower's obligations under this Loan Agreement, then Borrower shall pay the costs incurred through Escrow to the date the Escrow is terminated, including the cost of any preliminary title report and any cancellation fees or other costs of this Escrow. If Escrow fails to close on or before the Closing Date because Agency has not complied with Agency's obligations under this Loan Agreement, such costs shall be paid by Agency. If Escrow fails to close on or before the Closing Date for any other reason, such costs shall be divided equally between the parties.

14.5. COMMISSIONS. Agency is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

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ACCEPTANCE OF ESCROW INSTRUCTIONS

Your acceptance of this escrow shall create a contractual obligation by you with Agency and Borrower for complete compliance with these instructions. Agency and Borrower reserve the right to jointly revoke this escrow at any time upon their payment to you of your fees and reimbursement to you of your expenses in accordance with the terms of these escrow instructions. Your obligations as Escrow Holder under these escrow instructions shall be subject to the following provisions:

You are not responsible as to the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow nor as to the authority or rights of any person executing such instrument. Except as otherwise provided in these escrow instructions, your duties as Escrow Holder are limited to the proper handling of monies and the proper safekeeping of instruments and other items received by you as Escrow Holder, and for the performance of your obligations as specifically provided under these escrow instructions. You are responsible for the sufficiency of any instruments or documents prepared by you for this escrow.

Borrower agrees to indemnify and hold you harmless from damages incurred as a result of your good faith and diligent performance of your duties under these escrow instructions.

Upon your acceptance of these escrow instructions, return the executed counterparts of these escrow instructions to Agency and Borrower, respectively.

Escrow Holder acknowledges receipt of the foregoing escrow instructions and agrees to act as Escrow Holder and to comply with the terms and conditions of the escrow instructions.

Dated: _____

TITLE COMPANY
OLD REPUBLIC TITLE COMPANY

By: _____
Name: _____
Title: _____
Its authorized agent and signatory



PREDEVELOPMENT LOAN AGREEMENT BROADWAY AND MARTIN LUTHER KING BOULEVARD

IN CONSIDERATION of their mutual promises, the parties agree as follows:

1. **LOAN.** The Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement. Lender and Borrower have entered this Loan Agreement as of the Effective Date.
2. **DEFINITIONS TABLES.** The capitalized terms in this Loan Agreement shall have the meanings assigned in the following Definitions Tables and in Section 3 Definitions. Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked "None", "Not Applicable", "N/A" or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan as the context may indicate.

"EFFECTIVE DATE"	***Date***	Being the date as of which this Loan Agreement shall be effective.
"LENDER"	The following public agency that is making the Loan, and whose legal status and address are:	
Name	Redevelopment Agency of the City of Sacramento	
Legal Status	A public body, corporate and politic	
Principal Address	801 12 th Street, Sacramento CA 95814	
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:	
Name	Oak Park Senior Housing Partners, L.P.	
Legal Status	A California limited partnership	
Principal Address	18201 Von Karman Avenue, Suite 900, Irvine, CA 92612	
"LOAN"	The Loan made by this Loan Agreement.	
"LOAN COMMITMENT"	Lender's loan commitment, made by letter dated as of	N/A
"LOAN PROGRAM"	Lender's Loan Program, commonly known as	Tax Increment Housing Set Aside Fund
"LOAN AMOUNT"	Two Hundred Sixty Thousand Dollars and No Cents (\$260,000)	
"INTEREST RATE"	The interest rate is 4.00% per year, simple interest.	
"PAYMENT START DATE"	Principal and interest shall be deferred as per the Payment Schedule, below.	
"Maturity Date"	The maturity date for the Loan shall be the earlier of (a) the close of a construction loan from Lender to Borrower for the Project or (b) the close of a construction loan other than from Lender in connection with the construction financing for the Project. Upon Borrower's satisfaction of all conditions precedent to the funding of that certain Construction Loan referenced in the Conditional Funding Commitment of Lender for the Property, dated _____, 2010 and the funding of same by Lender, all funds advanced by Lender pursuant to the Loan Agreement and this Note not yet repaid to Lender shall become party of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, this Note will be cancelled and all instruments securing this Loan will be reconveyed to Borrower.	
"PAYMENT SCHEDULE"	Principal and Interest to be deferred until the Maturity Date	
"BORROWER EQUITY"	Twelve Thousand Five Hundred Dollars and No Cents (\$12,500.00)	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
	N.A.	Which is Borrower's non-cash contribution to the Project (such as deferred Developer fees).

<p>“SPECIAL TERMS”</p>	<p>This Predevelopment Loan is being made in conjunction with a Disposition and Development Agreement by and between Related Companies of California and the Redevelopment Agency of the City of Sacramento (the “DDA”).</p> <p>In the event that the DDA expires on December 31, 2012 pursuant to Section 9.4 of the DDA or otherwise terminates without conveyance of the Property to Developer from the Redevelopment Agency, Developer shall transfer Additional Collateral as paid for with the proceeds of this Predevelopment Loan to the Agency as consideration for the repayment of the Loan. In this event, upon an assignment of the work product to the Agency, the Borrower’s obligations under this Loan Agreement shall be satisfied, the Loan shall be deemed paid in full and this Loan Agreement shall be terminated.</p>	
<p>“PROJECT”</p>	<p>Which is the Project to be developed on the Property with the Loan funds, described as:</p>	<p>Retail and housing development on the corner of Broadway and Martin Luther King Boulevard in Sacramento. Predevelopment activities funded by this Loan shall include, but are not limited to the design development for the retail and housing to be proposed and the geotechnical, noise and utility scoping work, and initial planning fees.</p>

<p>B. “COLLATERAL” The Collateral securing repayment of the Loan, which Collateral consists of the following:</p>		
<p>“PROPERTY”</p>	<p>The following described real property, which is the site of the Project:</p>	
<p>Address</p>	<p>Broadway and Martin Luther King Boulevard</p>	
<p>Assessor’s Parcel Number</p>	<p>014-0171-001, 014-0171-017, 014-0171-018, 014-0171-019, 014-0171-020, 014-0171-025</p>	
<p>“Legal Description”</p>	<p>The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit 1: Legal Description attached and incorporated by reference.</p>	
<p>Borrower’s Title Interest</p>	<p>Borrower has fee interest in the Property or, if the Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow unless the DDA is terminated by either party.</p>	
<p>“ADDITIONAL COLLATERAL”</p>	<p>The Additional Collateral securing repayment of the Loan is any additional security required by Lender under this Loan Agreement, including without limitation the following items, if any</p>	
<p>“PERSONAL PROPERTY”</p>	<p>Borrower’s interest in the following personal property, tangible and intangible, and all other such property listed as security in this Loan Agreement</p>	<p>Development Rights for the Project, including, without limitation, maps, third party reports and related items, construction, engineering, architectural and other professional services contracts for the development of the Project, work product of Lender staff for development of the Project, and all other tangible or intangible interests in the Project, excepting interests in the real property.</p>
<p>OTHER ADDITIONAL COLLATERAL</p>	<p>Borrower’s interest in the following property:</p>	<p>None</p>

<p>C. “ESCROW INFORMATION”:</p>		
<p>“Title Company” and “Escrow Agent”</p>	<p>n/a</p>	<p>Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow</p>
<p>“Escrow”</p>	<p>The escrow with Escrow Agent</p>	
<p>“Closing Date”</p>		<p>Which is the date for close of the Escrow, as it may be extended</p>

<p>D. “LIST OF EXHIBITS” (The following are attached and incorporated in this Loan Agreement):</p>	
<p>EXHIBIT</p>	<p>DEFINED TERM</p>
<p>Exhibit 1: Legal Description</p>	<p>“Legal Description”</p>

Exhibit 2: Scope of Development	"Scope of Development"
Exhibit 3: Note Form	"Note"

E. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval:
Construction Agreements for the Project
Architectural Agreement for the Project
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws
"Budget" for the Project

F. "SPECIAL PROVISIONS" The following special provisions shall be in addition to the provisions of this Loan Agreement:
1. The Loan proceeds are for predevelopment costs including but not limited to such items as architectural, fees, engineering fees, geotechnical reports, planning and environmental studies. These predevelopment costs shall be funded with Tax Increment proceeds.

3. **DEFINITIONS.** Terms not defined in this Loan Agreement shall have the definitions assigned in the Note. If a definition refers to an Exhibit that is an attached document form, the attached document is a true and correct copy of the document referenced. As used in this Loan Agreement, the following terms shall have the following meanings:

3.1. "Accumulated Interest" shall mean the interest accrued while the payments are deferred.

3.2. "Budget" is the budget approved by Lender for the predevelopment costs.

3.3. "Change" means any extra work or installation of materials not included in the Plans and Specifications or any change in or deviation from the Plans and Specifications.

3.4. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Note and any other instrument which is incorporated in this Loan Agreement or which otherwise secures the repayment of the Loan that remains uncured after expiration of all applicable notice and cure periods.

3.5. "Financial Statements" means the financial statements of Borrower (and any other persons on whose financial capacity the Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

3.6. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

3.7. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

3.8. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

3.9. "Loan Agreement" means this Predevelopment Loan Agreement, all Exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

3.10. "Loan Documents" means the Note, this Loan Agreement and all other documents (including guaranties) evidencing, securing, or relating to the Loan.

3.11. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

3.12. "Loan Proceeds" means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

3.13. "Plans and Specifications" means the final set of architectural, structural, mechanical, electrical, grading, sewer, water, street, and utility plans and specifications for the Project, including all supplements, amendments, and modifications.

3.14. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

3.15. "Project" means the predevelopment work of the Property necessary to define the Project and secure financing in accordance with the Disposition and Development Agreement entered into between Borrower and Lender as well as all work of investigation to be conducted on the Property.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally represents and warrants to Lender, as of the Effective Date, as follows:

4.1. **LEGAL ORGANIZATION.** Borrower is duly formed and validly exists in the form stated in Article I, is qualified to do business in California, and has full power to consummate the transactions contemplated.

4.2. **BORROWER'S POWERS.** Borrower has full authority to execute this Loan Agreement, the Note, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

4.3. **BINDING OBLIGATION.** This Loan Agreement and the Note constitute a legal and binding obligation of, and are valid and enforceable against, Borrower, in accordance with the terms of each.

4.4. **NO OTHER BREACH.** The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which the Borrower is a party or by which it or the Property may be bound or affected.

4.5. **NO DEFAULT.** There is no Event of Default or Potential Default on the part of Borrower.

4.6. **NO UNAPPROVED LOANS.** Borrower has not received financing for either the acquisition of the Property, the construction of the Project or the permanent financing of the Project except as has been specifically disclosed to and approved by Lender in writing.

4.7. **USE OF PROCEEDS.** All Loan Proceeds will be disbursed as provided in this Loan Agreement and used only for payment of the costs of project predevelopment/due diligence.

4.8. **TAXES PAID.** Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

4.9. **ACCURACY.** All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are, to the best of Borrower's knowledge, accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

5. **LOAN.** Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, an amount not to exceed the Loan Amount, to finance the predevelopment/due diligence of the Project and for other purposes as specified in the Scope of Development, subject to the terms, conditions, representations, warranties, and covenants in this Loan Agreement.

5.1. **PRINCIPAL AMOUNT.** The principal amount of the Loan shall be the actual disbursements of the Lender on account of the Project, not to exceed the amounts stated in the Budget (as the Budget may be adjusted by written approval of Lender). In any event, the principal amount of the Loan shall not exceed the Loan Amount.

5.2. **USE OF LOAN FUNDS.** Loan funds shall be used solely for actual predevelopment costs of the Project as stated in the Budget. No Loan funds shall be used for any costs except as provided in the Budget. Loan funds shall be used solely for costs incurred by third party contractors. Unless otherwise noted in the Budget, allowed predevelopment costs, if any, are not subject to the withholding as Retention.

5.3. **LOAN TERMS.** The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

5.4. **NOTE AND SECURITY DOCUMENTS.** The Loan is to be evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender. Lender shall have a security interest in the work product paid for with the proceeds of this Loan.

5.5. **COMMISSIONS.** Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

5.6. **NO FEDERAL TAX EXEMPT BONDS.** Lender hereby represents, warrants and covenants that the Loan shall not be funded, directly or indirectly, with the proceeds of any tax-exempt bonds. If requested by Borrower or Borrower's tax credit equity investor, Lender shall execute a letter at Close of Escrow confirming that the Loan has not been funded, directly or indirectly, with the proceeds of any tax-exempt bonds.

6. **PERFORMANCE CONDITIONS.** The following are conditions precedent to performance under this Loan Agreement:

6.1. **CONDITIONS TO LENDER'S PERFORMANCE.** Lender's obligation to make the Loan under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower's representations and warranties in this Loan Agreement are true and correct as of the Effective Date, and (c) the Agreement continues to be in full force and effect, no default on the part of Borrower has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under the Loan Agreement.

6.2. **CONDITIONS TO BORROWER'S PERFORMANCE.** Borrower's obligation to accept the Loan under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Lender's representations and warranties in this Loan Agreement are correct as of the Effective Date; and (c) the Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under the Loan Agreement.

6.3. **RELOCATION.** Lender is required by law to provide relocation services and make relocation payments to eligible tenants that are displaced as a result of the Project. Lender and Borrower agree and acknowledge that there are no tenants and that there is no displacement that will result from the activities contemplated by this Loan Agreement.

7. **ADDITIONAL SECURITY INSTRUMENTS.** Upon request by Lender, Borrower shall execute and deliver to Lender a collateral assignment of contracts in favor of Lender collaterally assigning all contracts related to the Project. Lender may, at any time and from time to time may reasonably require additions of new contracts. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents.

7.1. **CHANGES.** In order to assure sufficient funding for the Project, Borrower shall not authorize any Change without the prior written consent of Lender. If in the judgment of Lender, a Change, together with all other Changes contemplated or previously approved by Lender, will cause an increase in the cost of the Project in excess of the contingency reserve identified in the Budget, then Borrower will, as a condition precedent to Lender's consent, provide Lender with proof that the contingency reserve has been increased as necessary to pay for all such Changes. Borrower will submit any such Change to Lender for approval on a form acceptable to Lender.

7.2. **CONTRACTORS AND CONTRACTS.** Upon Lender's request, Borrower will furnish to Lender correct lists of all consultants, employed in connection with the Project, specifying their addresses, their respective portion of the Project and

their respective Project cost. Lender may contact directly each consultant, to verify the facts disclosed by the list or for any other purpose related to the Loan. All contracts let by Borrower or its contractors relating to the Project will require them to disclose to Lender information sufficient to make such verification.

7.3. INSPECTION. Lender may, during regular business hours, examine the books, records, accounting data, plans, and other documents of Borrower pertaining to the Project and to make extracts or copies. Borrower shall make all such documents available to Lender promptly on demand. Borrower agrees to cooperate fully (and to cause the predevelopment consultants to cooperate fully) with the Lender and its Lender's designated agent and to permit all appropriate access to all relevant books and records. Borrower shall bear the cost of reasonable inspections.

7.4. PROTECTION AGAINST LIEN CLAIMS. Borrower shall promptly and fully discharge all claims for labor, materials and services, if any, in connection with the predevelopment work funded with the proceeds of this Loan. Borrower shall take all other reasonable steps to protect against the assertion of lien claims against the Property in connection with such predevelopment work. Within 20 days after the filing of any claim of lien against the Property in connection with such predevelopment work, Borrower shall record a surety bond in the office of the Recorder of the County where the Property is located in an amount sufficient to release the claim of lien or deliver to Lender any other assurance as may be acceptable to Lender as evidenced by Lender's written acceptance of such assurance.

7.4.1. Borrower is not required to pay, prior to adjudication, any claims for labor, materials, or services in connection with the predevelopment work funded with the proceeds of this Loan that may result in the filing of a claim of lien against the Property that Borrower, in good faith, reasonably disputes, and that Borrower, at its own expense, is currently and diligently contesting in the proper forum, provided that Borrower has filed the surety bond or given Lender such other assurance as Lender accepts in writing.

7.4.2. ACKNOWLEDGMENT OF RELIANCE. Borrower acknowledges that Lender is making Loan disbursements in advance of disbursements of other lenders in reliance upon Borrowers compliance with this provision.

7.5. NO PRIOR LIENS. Borrower shall not allow the Project construction to begin or materials to be delivered to the Project until after Close of Escrow.

8. LOAN DISBURSEMENT PROCEDURES. These predevelopment loan proceeds shall be disbursed following: (a) Borrower's execution of the Note and Loan Agreement; and (b) the satisfaction of the conditions to disbursement in this Section. Borrower may, on a monthly basis, make draws for the reimbursement of expenses permitted herein by submitting invoices from the consultants and other contractors performing eligible work.

8.1. CONDITIONS PRECEDENT TO EACH LOAN DISBURSEMENT. The obligation of Lender to make any disbursements under this Loan Agreement shall be subject to the following conditions precedent:

8.1.1. No Event of Default or Potential Default of Borrower has occurred and is continuing.

8.1.2. Lender is satisfied with the quality, adequacy, and suitability of third party consultants, including architects, contractors, appraisers and environmental consultants employed or used in the Project, and the workmanship of all of them.

8.1.3. The representations and warranties in the Loan Documents are correct as of the date of the requested disbursement.

8.1.4. Borrower has paid Lender all commitment, loan, and other fees then due, and Borrower has submitted to Lender all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement.

8.1.5. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents.

8.2. CONDITIONS PRECEDENT TO DISBURSEMENT. Borrower's request for the Loan disbursement is a representation and warranty by Borrower that there has been no material adverse change in Borrower's financial capacity or in any representation made to Lender in Borrower's application for the Loan or Borrower's supporting documentation. Lender

shall make the loan disbursement under this Loan Agreement when the following conditions precedent and the conditions precedent stated in Section 8.1 have been met:

8.2.1. Borrower has presented invoices or similar documentation from third party contractors for actual costs of the Project as stated in the Budget.

8.3. DEFAULT

8.3.1. **EVENTS OF DEFAULT.** At the option of Lender, each of the following events will constitute an Event of Default, subject to applicable cure rights, if any:

8.3.2. Borrower's material failure to comply with any Governmental Requirements.

8.3.3. Borrower's making of any unauthorized payment from Loan Proceeds or other funds of Lender.

9. REMEDIES

9.1. **OPTION TO ACT.** On the occurrence of any Event of Default and Borrower's failure to cure within 30 days of written notice, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

9.1.1. Terminate its obligation to make disbursements.

9.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due.

9.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies.

9.1.4. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement.

9.1.5. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the maximum amount allowed by law from the date the funds were spent until repaid.

9.2. **RIGHTS CUMULATIVE, NO WAIVER.** All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

9.3. **DISCLAIMER.** Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable to construct, complete, or protect the Project; to pay any expense in connection with the exercise of any remedy; or to perform any other obligation of Borrower.

10. INSURANCE

10.1. **LIABILITY INSURANCE POLICY LIMITS.** Borrower shall obtain all insurance under this Section 10 written with a deductible of not more than ONE HUNDRED THOUSAND DOLLARS (\$100,000) or an amount approved by Lender, and for limits of liability which shall not be less than the following:

10.2. **WORKER'S COMPENSATION.** Borrower shall obtain and maintain worker's compensation coverage which shall be written for the statutory limits as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of

Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's liability of not less than \$1,000,000.

10.3. COMMERCIAL GENERAL LIABILITY. Borrower shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or form endorsed by Insurer to evidence that coverage is equivalent or better. Such insurance shall have limits of liability which are not less than \$1,000,000 general aggregate limit.

10.4. COMPREHENSIVE AUTOMOBILE LIABILITY. Borrower shall obtain and maintain comprehensive automobile liability coverage for any vehicle used for, or in connection with, the Project (owned, nonowned, hired, leased) having a combined single limit of not less than \$1,000,000.

10.5. INSURANCE PROVISIONS. Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of B++ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Lender's legal counsel in writing in advance:

10.5.1. ADDITIONAL INSURED. Borrower shall obtain a policy in ISO form CG 20 33 or form endorsed by Insurer to evidence that coverage is equivalent or better, naming Lender as additional insured under the Commercial General Liability Policy.

10.5.2. CERTIFIED POLICY COPY. Borrower shall provide Lender with a certificate of insurance evidencing each required policy of insurance as and when received by Borrower. Borrower shall provide Lender with a Certificate of Insurance for each policy on the applicable ACORD form. ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance deleting the sentence in the bottom right-hand box above the authorized representative signature, deleting the words "endeavor to" and "but failure to do so shall impose not obligation or liability of any kind upon the insurer, its agents or representatives."

10.5.3. CANCELLATION. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date.

10.6. FAILURE TO MAINTAIN. If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, the Lender shall have the right, after providing Borrower with not less than 7 days notice to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to the Lender. If Borrower fails to reimburse the Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

10.7. BLANKET COVERAGE. Borrower's obligation to carry insurance as required under this Section 10 may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that the Lender shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded the Lender will not be reduced or diminished thereby, and all of the other requirements of this Section 10 with respect to such insurance shall otherwise be satisfied by such blanket policy.

11. MISCELLANEOUS

11.1. NONRECOURSE. Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's partners, principals, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

11.2. SUBORDINATION. There is no need to subordinate this Loan as the principal and interest shall be fully repaid at the Maturity Date.

11.3. FEDERAL REQUIREMENTS. If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender shall fully cooperate with, and assist, Borrower in fulfillment of such obligations.

11.4. NATURE OF REPRESENTATIONS AND WARRANTIES. Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower, will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

11.5. FINANCIAL STATEMENTS. Borrower shall provide Financial Statements of Borrower when requested by Lender, but in any event not more often than quarterly .

11.6. NO WAIVER. No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

11.7. NO THIRD PARTIES BENEFITED. This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to funds under this Loan Agreement.

11.8. NOTICES. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above by one or more of the following methods. Copies of any notices to the Borrower shall also be sent to:

The Related Companies of California, LLC
A California limited liability company
18201 Von Karman Avenue, Suite 900, Irvine, CA 92612

(a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

(b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

(c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

(d) Telecopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Attachment or to such other address as Borrower or Lender may respectively designate by written notice to the other.

(e) It shall be the responsibility of the above identified notices to provide written information if there is a change in address.

11.9. ACTIONS. Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and Lender is authorized to disburse funds from this Loan Agreement for that purpose. This Section does not apply to actions or proceedings between the parties.

11.10. **ASSIGNMENT.** The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property without the prior written consent of Lender, except as otherwise permitted under the DDA. . If there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications, and will be secured by the Collateral Assignment of Contracts. Lender may at any time assign the Loan Documents to any affiliate of Lender, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents.

11.11. **PREPAYMENT.** Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

11.12. **BORROWER'S RESPONSIBILITIES.** Borrower shall inspect, review, supervise, and assure the high quality, adequacy, and suitability of all predevelopment work funded with the proceeds of this Loan. Borrower will, at Borrower's expense, defend, indemnify, save, and hold Lender harmless against all claims, demands, losses, expenses, damages (general, punitive, or otherwise), and causes of action (whether legal or equitable) asserted by any Person arising out of the use of the proceeds of the Loan. Borrower will pay Lender on demand all claims, judgments, damages, losses, or expenses (including attorney fees and expenses) incurred by Lender as a result of any legal action arising out of the use of the proceeds of the Loan. The provisions of this Section will survive the termination of this Loan Agreement and the repayment of the Loan.

11.13. **NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE.** Borrower acknowledges, understands, and agrees as follows:

11.13.1. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect, supervise, pass judgment on, or inform Borrower of the quality, adequacy, or suitability of the Project work, except as to matters which are within the intent and purpose for which Lender has made the Loan.

11.13.2. Lender owes no duty of care to protect Borrower against negligent, faulty, inadequate, or defective building or construction.

11.13.3. Lender will not be responsible or liable to Borrower for any loss or damage of any kind to person or property whether suffered by Borrower or any other Person or group of Persons or for negligent, faulty, inadequate, or defective building or construction, and Borrower will hold Lender harmless from any liability, loss, or damage for these things.

11.14. **CONTROLLING LAW; VENUE.** The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California

11.15. **CONSENTS AND APPROVALS.** All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

11.16. **SURVIVAL OF WARRANTIES AND COVENANTS.** The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Indebtedness has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Indebtedness or the termination of any Loan Document.

11.17. **LOAN EXPENSES.** In making the disbursement, Lender may, at its option, deduct from the proceeds of that disbursement a sum equal to the aggregate of the following, to the extent Lender has knowledge of it and demand has been

made on Lender at the time of the deposit: all expenses specifically incurred in connection with the Loan or the preparation, execution, and delivery of the Loan Documents, including, but not limited to, recording costs and expenses, transfer and other taxes (if any), surveys, appraisal fees, title and hazard insurance premiums, recording, notary, and escrow charges, and all other similar, usual, or customary loan closing charges and expenses; and any other budgeted expenses that have been approved by Lender in writing; and Lender will, for the benefit of Borrower, pay those amounts over to the respective parties on whose behalf the demands will have been received by Lender. Borrower will pay directly any expenses in connection with the Loan not so paid by Lender, including, without limitation, any of the expenses specified above, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.

11.18. **NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of income and expense, or other Financial Statement, survey, appraisal, or insurance policy, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

11.19. **NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this Agreement or in any other document executed in connection with this Agreement shall be construed as creating a joint venture or partnership between Lender and Borrower. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as between Lender and Borrower other than that of a lender and borrower.

11.20. **AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

11.21. **TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Indebtedness owing by Borrower to Lender.

11.22. **COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

11.23. **SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

11.24. **CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

11.25. **INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any of Borrower's contractor, subcontractor, engineer, or architect with respect to the Property, the Project, or any portion of them, except to the extent the same was caused by the sole negligent act or willful misconduct of Lender. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the maximum rate permitted by law from the date Lender

makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note.

11.26. **FURTHER ASSURANCES.** At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.

11.27. **DISCLOSURE OF INFORMATION.** If Lender elects to sell the Loan, Lender may forward to the buyer of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

11.28. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

11.29. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

11.30. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. Person means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the Effective Date.

BORROWER :
OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By: Related/Oak Park Senior Development Co.,
LLC,
a California limited liability company
its Administrative General Partner

By: _____
LaShelle Dozier, Executive Director

By: _____
Frank Cardone, Vice President

Date: _____

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

Approved as to form:

By: Affordable Housing Access, Inc.
a California nonprofit public benefit
corporation,
its sole member and manager

Agency Counsel

By: _____
Jonathan B. Webb, President

EXHIBIT 1
LEGAL DESCRIPTION

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

PARCEL ONE:

Lot 75, and a portion of Lot 76, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion of Lot 76 is more particularly described as being all that portion lying North of a line drawn parallel to and 40 feet South of the North of said lot (said 40 feet being measured along the Easterly line of Lot 76, being also the center line of a 20 foot alley).

APN: 014-0171-001

PARCEL TWO:

Portions of Lots 76 and 77, as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portions are more particularly described as follows:

Commencing at a point in the center of an alley (being the East line of said Lot 77) located thereon Northerly 40 feet from the Southeasterly corner of said Lot 77, being also the Northeasterly corner of a tract of land conveyed to Mary Fosha by Deed dated September 19, 1925, and recorded in Book 713 of Deeds, Page 624, Sacramento County Records; thence running Northeasterly, along the center line of said alley 40 feet to a point on the East line of said Lot 76, distant 40 feet Southerly from the Northeasterly corner of said Lot 76 (being the Southeasterly corner of the tract of land conveyed to Amanda Gallaway by Deed dated February 4, 1931, and recorded in Book 331 of Official Records, Page 353); thence Westerly parallel with the Southerly line of said Lot 77 a distance of 165.908 feet, more or less, to a point on the East line of Sacramento Boulevard, being the Southwesterly corner of the tract of land conveyed to Gallaway; thence Southerly along the East line of Sacramento Boulevard (the West line of said Lots 76 and 77) a distance of 40.542 feet, more or less, to the point of intersection of a line drawn Westerly and parallel with the Southerly line of said Lot 77 from the point of commencement (the Northwesterly corner of Fosha); thence Easterly along said line so drawn, 157.1714 feet, more or less, to the point of commencement.

APN: 014-0171-020

PARCEL THREE:

A portion of Lot 77, as said lot is shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36, which portion is more particularly described as ail that portion lying South of a line drawn parallel to and 40 feet Northerly of a line constructed at a right angle to the Southerly line of said Lot 77.

APN: 014-0171-019

PARCEL FOUR:

Lot 282, as said lot is show and designated on the Map of "South Oak Park", filed in Book 6 of Maps, Map No. 9, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-018

PARCEL FIVE:

The North 40 feet of Lot 72, and all of Lots 73 and 74 as said lots are shown and designated on the Map of the "H. J. Goethe Company's Addition F to Sacramento", filed in Book 5 of Maps, Map No. 36. EXCEPTING THEREFROM said North 40 feet of Lot 72 the East ninety-nine feet thereof (as measured along the North line of said lot from the West line of 39th Street), being the land conveyed to Bart Christensen, et ux., by Deed dated November 20, 1984, and recorded December 17, 1984, in Official Records under Recorder's Serial Number 216187, in Book 841217 Page 1089.

NOTE: Said land being the same real property designated and described as "Parcel A' in that certain Certificate of Compliance recorded November 8, 1984, in Official Records under Recorder's Serial Number 194623, in Book 8411008 Page 861.

APN: 014-0171-025

PARCEL SIX:

Lot 283, as shown on the "Plat of South Oak Park", recorded in Book 6 of Maps, Map No. 9, records of said County, together with that portion of the easterly one-half of adjoining alley, title to which would pass by a conveyance describing said lot.

APN: 014-0171-017

EXHIBIT 2
SCOPE OF DEVELOPMENT

The developer, The Related Companies of California, LLC, proposes to create a three-story tall, elevator-serviced mixed-use property at the intersection of Broadway and Martin Luther King, Junior Boulevard in the Oak Park Redevelopment Project Area in Sacramento. The funds referenced in this Predevelopment Loan Agreement are to be used for predevelopment costs, including but not limited to such items as architectural fees, engineering fees, geotechnical reports, planning and environmental studies.

This property will consist of both residential and commercial uses. The residences will consist of 55 one-bedroom apartment units totaling approximately 580 square feet each and one two-bedroom manager's unit measuring approximately 800 square feet. All units except for the manager's unit will be affordable to very low-income and extremely low-income seniors. A total of 6 units will be affordable to residents at 30% Area Median Income (AMI), 33 units will be affordable to 45% AMI, and 16 units will be affordable to 50% AMI. The ground floor will contain community space for residents and no less than 3,700 square feet in commercial/retail space. The community space will include a multipurpose room, a lounge, a kitchen, a computer center, a fitness center, a library/theater, and laundry facilities.

EXHIBIT 3

**PROMISSORY NOTE
FOR BROADWAY AND MARTIN LUTHER KING
PREDEVELOPMENT LOAN AGREEMENT**

"EFFECTIVE DATE"	***Date***
-------------------------	-------------------

BORROWER HAS MADE THIS PROMISSORY NOTE ("NOTE") AS OF THE EFFECTIVE DATE. The capitalized terms in this Note shall have the meanings assigned in the Terms and Definitions. Terms being defined are indicated by quotation marks. If an item in the table is marked "None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate. The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
"Loan Date"	The Effective Date
"Lender"	Redevelopment Agency of the City of Sacramento
"Borrower"	Oak Park Senior Housing Partners, L.P.
"Borrower Legal Status"	limited partnership
"Loan Agreement"	The Loan Agreement between the Borrower and Lender as of the Loan Date for making of the loan ("Loan") evidenced by this Note
"Project"	Retail and housing uses to be proposed on the corner of Broadway and Martin Luther King Boulevard in Sacramento
"Principal Amount"	Two Hundred Sixty Thousand Dollars and No Cents (\$260,000)
"Interest Rate"	Four percent per year, simple interest (4%)
"Special Terms"	<p>This Predevelopment Loan is being made in conjunction with a Disposition and Development Agreement by and between Oak Park Senior Housing Partners, L.P. and the Redevelopment Agency of the City of Sacramento (the "DDA").</p> <p>In the event that the DDA expires or otherwise terminates without conveyance of the Property to Developer from the Redevelopment Agency, Borrower shall transfer its reports, drawings and plans as paid for with the proceeds of this Predevelopment Loan to the Agency as consideration for the repayment of the Loan. In this event, upon an assignment of the work product to the Agency, the Borrower's obligations under this Loan Agreement shall be satisfied and the Loan shall be deemed paid in full.</p>
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
"Maturity Date"	The maturity date for the Loan shall be the earlier of (a) close of a construction loan from Lender to Borrower for the Project, or (b) the close of a construction loan other than from Lender in connection with the construction financing for the Project.
<p>The unpaid balance of the Loan, including without limitation principal and interest, shall be all due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges. Upon Borrower's satisfaction of all conditions precedent to the funding of that certain Construction Loan referenced in the Conditional Funding Commitment of Lender for the Property, dated _____, 2010 and the funding of same by Lender, all funds advanced by Lender pursuant to the Loan Agreement and this Note not yet repaid to Lender shall become part of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, this Note will be cancelled and all instruments securing this Loan will be reconveyed to Borrower.</p>	

FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the date of each advance by Lender to Borrower at Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under a loan agreement between Borrower and Lender dated as of the Loan Date ("Loan Agreement"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference.

2. Borrower shall comply with and fulfill the Special Terms.

3. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:

a. Borrower defaults in the payment of any principal or interest when due.

b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.

c. Lender discovers that Borrower had made any misrepresentations or failed to disclose any fact in the Loan Agreement or this Note that would affect the interests of Lender.

d. Borrower defaults or breaches any of the terms of Loan Agreement or this Note.

e. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

f. The occurrence of any of the following:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, his/her inability to pay his/her debts as they mature or making a general assignment of or entering into any arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower, provided, if any of the foregoing are filed against Borrower, Borrower shall have a ninety (90) day period to cause the same to be dismissed.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower, provided, if any of the foregoing are filed against Borrower, Borrower shall have a ninety (90) day period to cause the same to be dismissed.

4. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

5. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

6. During the existence of default or delinquency under the terms of this Note, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

7. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

8. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Loan Date.

BORROWER:

**OAK PARK SENIOR HOUSING PARTNERS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: _____
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Jonathan B. Webb, President

Date: _____

Date: October 20, 2010

Oak Park Senior Housing Partners, L.P.
Attn: Steven Oh
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612

RE: Conditional funding commitment, Broadway/Martin Luther King, Junior Boulevard project

Dear Mr. Oh:

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 seller carry back acquisition loan funds ("Acquisition Loan") and its commitment of construction and permanent loan funds ("Construction Loan") from the City Aggregated Low/Moderate Housing Tax Increment Flow (Low/Mod TI), Oak Park Tax Increment Funds (TI), Taxable Oak Park Low/Mod Tax Allocation Revenue Bonds (TARB) from the 2005 Issuance, and City Home Investment Partnership Program (HOME) funds for the purpose of financing the acquisition and construction of that certain real property located at the intersection of Broadway and Martin Luther King, Junior Boulevard, 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 Acquisition Loan and the Construction 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.

The Acquisition Loan and Construction Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council and Redevelopment Agency resolutions approved on November 9, 2010. 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 December 31, 2011.

1. PROJECT DESCRIPTION: The project is acquisition of land and the new construction of a mixed use project consisting of 56 units of senior affordable housing and approximately 3,700 square feet of retail space at Broadway and Martin Luther King, Junior Boulevard, Sacramento, CA.
2. BORROWER: The name of the Borrower for the Acquisition Loan and Construction Loan is Oak Park Senior Housing Partners, L.P.
3. PURPOSE OF LOAN: The Acquisition Loan and Construction Loan are to be used by Borrower solely to pay the costs of acquisition, predevelopment, and construction, and for such other purposes as Agency expressly agrees to in the loan agreement for the Acquisition Loan and Construction Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Acquisition Loan and the Construction Loan. The Acquisition Loan and the Construction Loan shall not be funded, directly or indirectly, with the proceeds of any tax-exempt bonds. If requested by Borrower or Borrower's tax credit equity investor, Agency shall execute a letter at Close of Escrow confirming that the Acquisition Loan and the Construction Loan have not been funded, directly or indirectly, with the proceeds of any tax-exempt bonds.
4. PRINCIPAL AMOUNT, TERM OF LOAN, and INTEREST RATE: The principal amount of the Acquisition Loan will be the lesser of (a) Seven Hundred Twenty Eight Thousand Dollars (\$728,000), or (b) an amount to be determined prior to close of the Acquisition Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety nine percent (99%) of the appraised value as determined by the Agency. This Acquisition Loan will bear interest of 0% annually and all principal and interest will be due 684 months from the close of the loan, however, if construction financing is received for the project, the maturity date shall be extended, and all principal and interest will be due and payable 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

The principal amount of the Construction Loan will be the lesser of (a) Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000), or (b) an amount to be determined prior to close of the Construction Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent (90%) of the appraised value as determined by the Agency. The loan will bear interest of 1.05% annually (interest shall be calculated on the basis of a 365-day year and actual days elapsed) and the term of the loan will be 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

Year	Months	Monthly Pmt
18	205-216	\$ 3,154
19	217-228	3,318
20	229-240	3,487
21	241-252	3,661
22	253-264	3,840
23	265-276	4,025
24	277-288	4,216
25	289-300	4,412
26	301-312	4,615
27	313-324	4,824
28	325-336	5,039
29	337-348	5,261
30	349-360	5,490
31	361-372	5,725
32	373-384	5,969
33	385-396	6,219
34	397-408	6,477
35	409-420	6,744
36	421-432	7,018
37	433-444	7,301
38	445-456	7,592
39	457-468	7,893
40	469-480	8,202
41	481-492	8,522
42	493-504	8,851
43	505-516	9,190
44	517-528	9,539
45	529-540	9,900
46	541-552	10,271
47	553-564	10,654
48	565-576	11,048
49	577-588	11,455
50	589-600	11,874
51	601-612	12,305
52	613-624	12,750
53	625-636	13,209
54	637-648	13,682
55	649-660	14,169
56	661-672	14,671
57	673-683	15,189
57	684	remaining balance due

If Borrower is unable to make payments to the Agency for three consecutive years, the Agency in its sole discretion may allow deferment of loan payments for up to five consecutive years. At the end of the five year period, the Borrower will resume the loan

repayment according to the preceding schedule and the accrued interest will be due on the loan maturity date.

5. **SOURCE OF LOAN FUNDS:** The Acquisition Loan will be financed through Agency seller carry back financing. The Construction Loan will be funded with the following sources of funds and is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Low/Mod TI, Oak Park TI, Oak Park TARB, City HOME funds, and proceeds from the sale of Agency-owned land. City HOME funds shall assist 11 or fewer units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall not apply. The HOME units at the project shall be "floating" such that the number of HOME units of an affordability level and bedroom type remains the same, but the actual designated unit may change from time to time. The Agency hereby acknowledges, agrees and represents that the Acquisition Loan and the Construction Loan shall be below market interest rate loans for purposes of Labor Code Section 1720(c)(6)(E), and that such Acquisition Loan and such Construction Loan shall not trigger prevailing wage. This Acquisition Loan and Construction 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 Acquisition Loan and the Construction Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements, all as mutually agreed to by Agency and Borrower.

Borrower acknowledges that, as a condition of the Agency's making of the Acquisition Loan and Construction 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. 3701-3708); (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)

6. ACCELERATION: Agency shall have the right to accelerate repayment of the Acquisition Loan and the Construction Loan in the event of a default under any Acquisition Loan document or Construction Loan document or upon sale, transfer or alienation of the Property except as specifically provided for in the loan documents.
7. SECURITY: The Acquisition Loan and Construction 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 subject only to liens senior to Agency's lien and such other items as the Agency may approve in writing. The Acquisition Loan and the Construction Loan shall also be secured by security agreements. The Agency agrees to subordinate said deeds of trust to the Commercial Construction Loan upon Agency's review and approval of the Commercial Construction Loan documents in order to accommodate completion of construction of the Property.
8. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Acquisition Loan and the Construction Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
9. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of a minimum of \$7,500,000 in Low Income Housing Tax Credit equity.
10. OTHER FINANCING: Borrower, as a requirement of the Acquisition Loan and the Construction 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 to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (1) 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.

Permanent financing in the form of deferred payments of equity, if applicable

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

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.

11. EVIDENCE OF FUNDS: Prior to the first disbursement of the Acquisition Loan or the Construction 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 (which may be evidenced by delivery to the Agency of a tax credit reservation letter for the project and an executed copy of the Partnership Agreement at close of Escrow); 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. The Lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance.
12. LOAN IN BALANCE: Borrower will be required to maintain the Construction Loan "in balance". The Construction Loan is "in balance" whenever the amount of the undisbursed funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders and equity investors and net operating income 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 Construction Loan is not "in balance" after the applicable cure period, the Agency may declare the Construction Loan to be in default.
13. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Acquisition Loan and the Construction Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency funds. As provided in the DDA, Borrower must obtain Agency's prior written consent to any material change in the approved plans and specifications or any material deviation in construction of the project.
14. 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 Acquisition Loan and the Construction Loan.
15. 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 Acquisition Loan and the Construction Loan.

16. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each construction related disbursement, not to exceed a total of ten percent (10%) of the total amount of the Construction Loan.
17. 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 and the associated bid values received for each item of work to be performed.

All contracts and contractors shall be subject to Agency's approval prior to close of the Acquisition Loan and the Construction 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 Construction 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 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.

18. 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. If there is an aggregate savings 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 Construction 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 and the original approved budget for the project.
19. 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 60 days following the close of construction financing.
20. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 18 months following the close of construction financing.
21. 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 Acquisition Loan and the Construction 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).

22. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general 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: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) 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.
23. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 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 Acquisition Loan and the Construction 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 Acquisition Loan and the Construction Loan must be issued by a title insurer approved by Agency.
24. 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 Acquisition Loan and this Construction Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Acquisition Loan and this Construction Loan as may be required under the organizational documents.

25. FINANCIAL INFORMATION: During the term of the Acquisition Loan and the Construction Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year the following items with respect to Borrower: 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 Acquisition Loan and the Construction 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. Upon Agency request, during the term of the Acquisition Loan and the Construction Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements.
26. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Acquisition Loan and this Construction 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. If, prior to the submission of the 9% LIHTC application in Spring of 2011, Section 10325(c)10 of the California Tax Credit Allocation Committee Regulations Implementing the Federal and State Low Income Housing Tax Credit Laws is altered from the July 28, 2010 verbiage, Agency may in its sole discretion restructure the Construction Loan after meeting and conferring with Borrower regarding the proposed restructure..
27. 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.
28. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate all common spaces. In addition, project will include security patrol if necessary.
29. 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) confirmation the services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 3) a description of the programs to be offered; and 4) a proforma social services budget.
30. COMMERCIAL BROKER: The Borrower will submit evidence to the Agency of a contract with a commercial broker to assist Borrower with the leasing of the retail space as a condition to the close conversion of the Construction Loan to its permanent phase.
31. ACCEPTABLE COMMERCIAL TENANTS: The commercial tenant must offer goods or services consistent with the Special Land Use Regulations of the Broadway/Stockton

Special Planning District (Section 17.94.030). The tenant may not be a bar (as defined by Sacramento City Code); marijuana related business; establishment deriving more than 5% of its net income from adult-oriented entertainment or material, whether for sale, rent or on-site use or viewing; check cashing or payday loan business; social services (as defined by Sacramento City Code); tattoo parlor; gun shop; arcade exclusively for video games; used appliance stores; secondhand or thrift stores (as defined by Sacramento City Code); facility for repair of any appliances, vehicles or other products, except as insubstantial and incidental to permitted activities; facility using, storing or treating hazardous materials; facility for the housing of passive components such as digital switching units; and establishments creating nuisances or other activities that unreasonably intrude upon the peaceful enjoyment of nearby tenants and property owners, including without limitation bad odors, loud noises, bright lights, substantial numbers of loiters, trash and garbage and unhealthful or dangerous situations.

32. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2011, the Agency has sole discretion to modify and or extend the term of the commitment letter to a date no later December 31, 2012.
33. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Acquisition Loan or the Construction 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 and Borrower in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
34. 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.
35. 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.
36. 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,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Redevelopment Agency of the City of Sacramento

La Shelle Dozier, Executive Director

Dated:

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

BORROWER:

Oak Park Senior Housing Partners, L.P.,
a California limited partnership

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: Frank Cardone
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: Jonathan B. Webb
Jonathan B. Webb, President