

## **RESOLUTION NO. 2010-041**

Adopted by the Redevelopment Agency  
of the City of Sacramento

November 9, 2010

**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.
- 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.
- 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 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

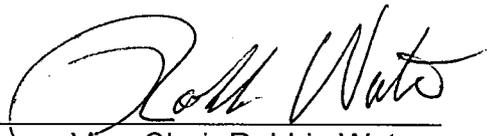
Adopted by the Redevelopment Agency on November 9, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Sheedy, Waters.

Noes: None.

Abstain: None.

Absent: Councilmembers Pannell, Tretheway, and Mayor Johnson.

  
Vice Chair Robbie Waters

Attest:

  
Shirley Concolino, City Clerk

Exhibit A

**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**

<b>AGENCY'S COST OF ACQUIRING THE LAND</b>	
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
<b>TOTAL</b>	<b>\$737,482</b>

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

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

<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price or the total of the lease payments due to the Agency under	\$727,500

the Agreement	(55 yr @ 0%)
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### **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.

**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 <sup>th</sup> 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
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**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 <b>Exhibit 1: Legal Description</b> 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
Exhibit 1: Legal Description	"Legal Description"
Exhibit 2: Scope of Development	"Scope of Development"
Exhibit 3: Note Form	"Note"
Exhibit 4: Trust Deed Form	"Trust Deed"
Exhibit 5: Escrow Instructions	"Escrow Instructions"

<b>E. "Approval Documents" BORROWER SHALL SUBMIT THE FOLLOWING DOCUMENTS FOR LENDER APPROVAL:</b>	
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	

<b>F. "Assigned Documents" BORROWER SHALL ASSIGN THE FOLLOWING DOCUMENTS TO LENDER:</b>	
Construction Contract	
Architectural Contract	

<b>G. "Construction Information":</b>		
"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

<b>H. "Special Provisions" THE FOLLOWING SPECIAL PROVISIONS SHALL BE IN ADDITION TO THE PROVISIONS OF THIS LOAN AGREEMENT:</b>	
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

**LENDER:**  
**REDEVELOPMENT AGENCY OF THE CITY**  
**OF SACRAMENTO**

By: \_\_\_\_\_  
LaShelle Dozier, Executive Director

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

Approved as to form:  
\_\_\_\_\_  
\_\_\_\_\_

Lender Counsel

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

By:

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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 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:

<b>DEFINED TERM:</b>	<b>DEFINITION:</b>	
“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	
<b>PAYMENT SCHEDULE:</b> 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.	

**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:

<b>TERM</b>	<b>DEFINITION</b>	
“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 <sup>th</sup> 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 <b>Exhibit 1 Legal Description</b> , 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)
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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 seised 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.)

<b>“Title Company”</b>	Old Republic Title Company			
	<b>Address</b> :	555 12th Street, Suite 2150, Oakland, CA 94607		
<b>“Escrow with Title Company”</b>	<b>Escrow Number</b> :	1117007635-JM	<b>Attention:</b>	Julie Massey
<b>“Agency”</b>	Redevelopment Agency of the City of Sacramento			
	<b>Address</b> :	801 12 <sup>th</sup> Street, Sacramento, CA 95814		
	<b>Attention:</b>	Bernadette Austin		
<b>“Borrower”</b>	The Related Companies of California, LLC			
	<b>Address</b> :	18201 Von Karman Avenue, Suite 900, Irvine, CA 92612		
	<b>Attention:</b>	Steven Oh		
<b>“Closing Date”</b>				
<b>“Property”</b>	<b>Address</b> :	Broadway and Martin Luther King Boulevard	<b>APN:</b>	014-0171-001, 014-0171-017, 014-0171-018, 014-0171-019, 014-0171-020, 014-0171-025
<b>Description of the transaction</b>	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			

<b>“Recorded Documents”-</b> The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.	<b>Documents:</b>	<b>Marked for return to:</b>
	Disposition and Development Agreement Grant Deed Deed of Trust for Acquisition Loan Regulatory Agreement Notice of Affordability Covenants	Sacramento Housing and Redevelopment Agency 801 12 <sup>th</sup> Street Sacramento, CA 95814 Attn: Portfolio Management
<b>“Agency Items”</b>	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	
<b>“Borrower Items”</b>		

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

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

**AGENCY:**  
**REDEVELOPMENT AGENCY OF THE CITY**  
**OF SACRAMENTO**

By:

\_\_\_\_\_  
LaShelle Dozier  
Executive Director

## 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:

3. **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.

4. **DEFINITIONS TABLES.** The capitalized terms in this Loan Agreement shall have the meanings assigned in the following Definitions Tables and in Section 5 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 <sup>th</sup> 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.	

<p>“MATURITY DATE”</p>	<p>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.</p>	
<p>“PAYMENT SCHEDULE”</p>	<p>Principal and Interest to be deferred until the Maturity Date</p>	
<p>“BORROWER EQUITY”</p>	<p>Twelve Thousand Five Hundred Dollars and No Cents (\$12,500.00)</p>	<p>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.</p>
	<p>N.A.</p>	<p>Which is Borrower’s non-cash contribution to the Project (such as deferred Developer fees).</p>
<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>

**B. "COLLATERAL"** The Collateral securing repayment of the Loan, which Collateral consists of the following:

"PROPERTY"	The following described real property, which is the site of the Project:	
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 Property is situated in the State of California, County of Sacramento, and is more particularly described in <b>Exhibit 1: Legal Description</b> 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 unless the DDA is terminated by either party.	
"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	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.
OTHER ADDITIONAL COLLATERAL	Borrower's interest in the following property:	None

**C. "ESCROW INFORMATION":**

"Title Company" and "Escrow Agent"	n/a	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"		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"

**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.

5. **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:

5.1. "Accumulated Interest" shall mean the interest accrued while the payments are differred.

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

5.3. "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.

5.4. "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.

5.5. "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.

5.6. "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.

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

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

5.9. “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.

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

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

5.12. “Loan Proceeds” means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

5.13. “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.

5.14. “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.

5.15. “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.

**6. 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:

**6.1. 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.

**6.2. 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.

**6.3. 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.

**6.4. 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.

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

**6.6. 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.

**6.7. 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.

**6.8. 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.

**6.9. 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.

**7. 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.

**7.1. 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.

**7.2. 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.

**7.3. 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.

**7.4. 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.

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

7.6. **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.

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

8.1. **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.

8.2. **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.

8.3. **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.

9. **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.

9.1. **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

**9.2. 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.

**9.3. 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.

**9.4. 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.

**9.4.1.** 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.

**9.4.2. 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.

**9.5. 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.

**10. 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.

**10.1. 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:

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

10.1.2. 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.

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

10.1.4. 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.

10.1.5. 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.

10.2. **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 have been met:

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

### 10.3. **DEFAULT**

10.3.1. **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:

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

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

## 11. **REMEDIES**

11.1. **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:

11.1.1. Terminate its obligation to make disbursements.

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

11.1.3. 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.

11.1.4. 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.

11.1.5. 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.

11.2. **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.

11.3. **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.

## 12. INSURANCE

12.1. **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:

12.2. **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.

12.3. **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.

12.4. **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.

12.5. **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:

12.5.1. **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.

12.5.2. **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."

12.5.3. **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.

12.6. **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.

12.7. **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.

### 13. MISCELLANEOUS

13.1. **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.

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

13.3. **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.

13.4. **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.

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

13.6. **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.

13.7. **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.

13.8. **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

(e) 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;

(f) 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;

(g) 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

(h) 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.

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

13.9. **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.

13.10. **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.

13.11. **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.

13.12. **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.

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

13.13.1. 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.

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

13.13.3. 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.

13.14. **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

13.15. **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.

13.16. **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.

13.17. **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.

13.18. **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.

13.19. **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.

13.20. **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.

13.21. **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.

13.22. **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.

13.23. **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.

13.24. **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.

13.25. **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.

13.26. **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.

13.27. **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.

13.28. **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.

13.29. **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.

13.30. **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

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

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

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**

<b>“EFFECTIVE DATE”</b>	<b>***Date***</b>
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**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:

<b>DEFINED TERM:</b>	<b>DEFINITION:</b>
“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.
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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.

**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.

11. 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.

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

13. 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.

14. 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.

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

16. 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.

17. 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.

18. 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: \_\_\_\_\_