



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

Consent
December 6, 2011

Honorable Mayor and Members of the City Council

Title: Disposition and Development Agreement for 3530 10th Avenue with Sacramento Habitat for Humanity

Location/Council District: 3530 10th Avenue; District 5

Recommendation: Adopt a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency to execute a Disposition and Development Agreement (DDA) and related conveyance documents with Sacramento Habitat for Humanity for the transfer and development of the vacant, single family property located at 3530 10th Avenue.

Contact: Chris Pahule, Assistant Director, Community Development, 440-1350

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: The property located at 3530 10th Avenue was a real estate owned (REO) single family property acquired by the Sacramento Housing and Redevelopment Agency (SHRA) in January 2010, for \$21,633, as part of the Neighborhood Stabilization (NSP), Property Recycling Program (PRP). Under the PRP, SHRA is authorized to purchase REO properties for three eligible activities that include: 1) redevelopment; 2) rehabilitation and resale of single family housing; and 3) the rehabilitation of rental housing. The redevelopment component of the PRP allows SHRA to demolish units and land-bank properties (for not more than 10 years) for future redevelopment efforts. Consistent with the PRP guidelines, the vacant single family home was in a state of significant disrepair and was demolished in December 2010.

3530 10th Avenue Vacant Lot Development

On June 1, 2011, SHRA released a Request for Proposals (RFP) for the development of a single family home on the undeveloped, vacant parcel. The RFP required that the home be made available to very low-income homebuyers earning not more than 50 percent of Area Median Income (AMI) to assist SHRA in meeting federal NSP income targeting requirements. Two responses were received and, following consideration by a project selection committee, Sacramento Habitat for Humanity (SHfH) was recommended as the development partner. SHfH is experienced in the development of single family infill housing, particularly in the Oak Park community where the property is located. They have also partnered successfully with SHRA on past single family home new construction projects.

As NSP1 winds down over the next year and as additional funding becomes available through NSP1 program income, SHRA will prepare for the disposition of two additional land-banked, single family parcels for development. Similar to the property on 10th Avenue, the structures on these properties were in such disrepair that it was not financially feasible to rehabilitate the units. The structures were demolished and the properties land banked. SHRA will release a RFP for the development of single family ownership housing at these sites in the coming year, subject to available funds.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-2013 Housing Element of the General Plan, adopted November 18, 2008, which indicates that, "The City shall support efforts to alleviate the individual and community problems associated with mortgage default and foreclosure." To implement this policy, the Housing Element includes program 19, committing the City to enacting a comprehensive plan for addressing the foreclosure crisis, including "neighborhood reinvestment strategies."

Environmental Considerations:

California Environmental Quality Act (CEQA): This proposed project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332 as an infill project because the site is not more than 5 acres, is substantially surrounded by urban uses, and the project is consistent with the General Plan and will not result in any significant impacts to traffic, noise, air quality or water quality.

Sustainability Considerations: The activities included in this report have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets: new construction following green building standards; improve energy efficiency of new homes; and create healthy urban environments through restorative redevelopment.

3530 10th Avenue Vacant Lot Development

National Environmental Policy Act (NEPA): The proposed actions to transfer the property, which is zoned and was previously used for single family development, to use for single family development, are categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(5), which covers dispositions where the land will be retained for the same use.

Committee/Commission Action: At a Public Hearing on November 16, 2011, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Chan, Fowler, Gore, Johnson, Leduc, Morgan, Morton

NOES: none

ABSENT: Alcalay, Rosa, Shah, Stivers

Rationale for Recommendation: This report recommends the sale and transfer of 3530 10th Avenue to SHfH for \$1 through a Disposition and Development Agreement (DDA) (Exhibit A). SHfH will assume all costs related to predevelopment, construction and sale of the property to an income eligible homebuyer, earning less than 50 percent AMI. The DDA requires that a home be constructed and sold within three years of its effective date. Through SHfH's model of sweat equity, significant volunteer labor and donated materials, a new single family home will be constructed with no additional cost to the Agency other than a land write down. Additionally, sale of the property reduces the inventory of SHRA vacant lots acquired with NSP funds and allows for the wind down of the NSP1 program. Redevelopment of the site with a high quality, affordable home in the Oak Park community will further stabilize the neighborhood.

Financial Considerations: 3530 10th Avenue was acquired for \$21,633 under the City Council approved NSP Property Recycling Program for redevelopment purposes. SHRA commissioned a Broker Price Opinion (BPO) of the vacant parcel which was estimated to be \$16,000 unencumbered with any restrictions. SHRA is incurring minimal costs at this time to ensure the property remains secure until transferred.

December 6, 2011

3530 10th Avenue Vacant Lot Development

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

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

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Attachments

- 1 Map – 3530 10th Avenue
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Exhibit A - DDA

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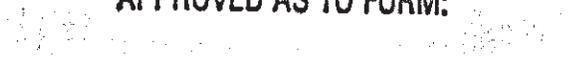
pg. 8

Approved as to form:



Agency Counsel

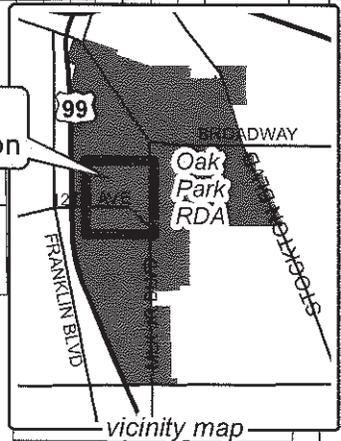
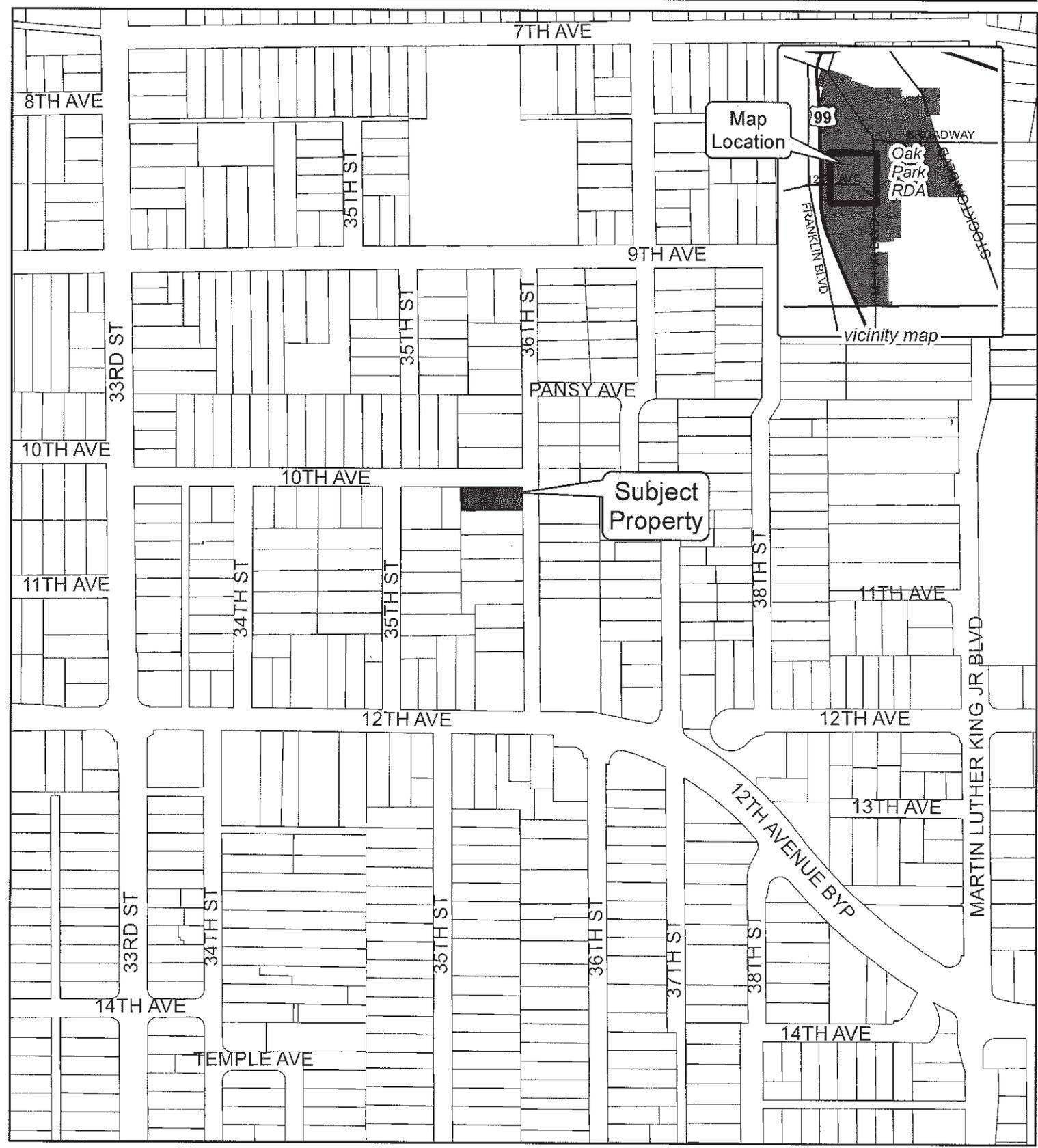
APPROVED AS TO FORM:



CITY ATTORNEY



3530 10th Avenue Vacant Lot Development

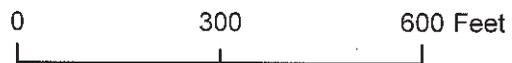


Map Location

Subject Property



3530 10th Ave



SHRA GIS
October 17, 2011



RESOLUTION NO. 2011 -

Adopted by the Sacramento City Council

On date of

3530 10TH AVENUE VACANT LOT DEVELOPMENT PROJECT: AUTHORIZATION FOR EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH SACRAMENTO HABITAT FOR HUMANITY

BACKGROUND

- A. On February 24, 2009, the City Council authorized the Sacramento Housing and Redevelopment Agency (Agency) to amend and submit changes to the Neighborhood Stabilization Program (NSP) in the 2009 One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD), authorizing the Agency to establish and implement the Vacant Properties Program, the Block Acquisition and Rehabilitation Program, and the Property Recycling Program (PRP) to undertake NSP activities.
- B. On June 16, 2009, the City Council approved the NSP Property Recycling Program Guidelines allowing the Agency to purchase foreclosed properties within the NSP Target Areas to be transferred for redevelopment purposes.
- C. On February 1, 2010, the Agency acquired 3530 10th Avenue, which was in severe disrepair, and later demolished the residential structure consistent with the PRP Guidelines. A Replacement Housing Plan was completed for the property on May 19, 2010.
- D. The City Council finds that the real property acquired by the Agency pursuant to the Property Recycling Program Guidelines will not be required for the Agency's foreseeable needs and may be disposed of to Sacramento Habitat for Humanity (Developer) for the purposes of redevelopment pursuant to Section 34315.7(c) of the Health and Safety Code.
- E. The Agency and Developer desire to enter into a Disposition and Development Agreement (DDA) to convey the title of 3530 10th Avenue for the development of a single family home per the schedule of performances included in the DDA.
- F. The transfer of the property to Developer for the purposes of development of a single family home is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332 as an infill project because the site is not more than 5 acres, is substantially surrounded by urban uses, and the project is consistent with the General Plan and will not result in any significant impacts to traffic, noise, air quality or water quality.

- G. The proposed actions to transfer the property, which is zoned and was previously used for single family development, to use for single family development, are categorically excluded under National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35 (a)(5), which covers dispositions where the land will be retained for the same use
- H. Proper notice of this action has been given and a public hearing has been held.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.
- Section 2. The DDA is approved and SHRA is authorized to execute the DDA and related conveyance documents with the Developer and to take such actions necessary to effectuate and implement this resolution and the DDA.

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Exhibit A – Disposition and Development Agreement



NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

ATTN: ERIKA BUMGARDNER

801 12th Street

Sacramento, CA. 95814

**NEIGHBORHOOD STABILIZATION PROGRAM
PROPERTY RECYCLING PROGRAM**

DISPOSITION AND DEVELOPMENT AGREEMENT

3530 10TH AVENUE, SACRAMENTO, CALIFORNIA

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

AND

SACRAMENTO HABITAT FOR HUMANITY, INC.

Effective Date

**NEIGHBORHOOD STABILIZATION PROGRAM
PROPERTY RECYCLING PROGRAM**

DISPOSITION AND DEVELOPMENT AGREEMENT

INDIVIDUAL VACANT LOT
3530 10th Avenue, Sacramento, California

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, and Sacramento Habitat for Humanity, Inc., also called Agency and SHfH, respectively, enter into this Disposition and Development Agreement, also called DDA, as of _____ [Effective Date].

RECITALS

- A. Agency is the owner of real property located at 3530 10th Avenue (APN 013-0394-001-0000), in the City of Sacramento, State of California, more particularly described in the Property Description.
- B. This Property was foreclosed upon and subsequently acquired by the Agency with Neighborhood Stabilization Funds ("NSP"). Rehabilitation was not feasible and the blighted property was demolished.
- C. The primary purpose of this DDA is to carry out the goals of the Housing and Economic Recovery Act of 2008 (Pub.L. 110-289)("HERA") and to assist in the elimination of the blighting influences caused by foreclosed and vacant homes by causing these homes to be rehabilitated to certain, specified standards and sold to eligible very low and low-income, owner-occupant buyers. In order to accomplish these goals, the DDA provides that the Agency will transfer the Agency's interests in the Property to SHfH upon the express condition that SHfH will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the SHfH will redevelop the Property and that the SHfH is not merely speculating in land.
- D. This proposed project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332 as an infill project because the site is not more than 5 acres, is substantially surrounded by urban uses, and the project is consistent with the General Plan and will not result in any significant impacts to traffic, noise, air quality or water quality.
- E. SHfH desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

AGREEMENT

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

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to SHfH solely for the purposes of developing the Project. The Project shall be the following: new construction of a single family detached house, pursuant to Exhibit 4: the Scope of Development, which is attached hereto and incorporated herein, on a property that was a single family foreclosed home. The Project includes the close of sale to an income qualified owner occupant, whose income does not exceed fifty percent (50%) of Area Median Income ("Eligible Household"), at an affordable price, not to exceed the after-rehabilitation appraised value of the property ("Maximum Sales Price of the Foreclosed Home").
3. **PURCHASE AND SALE.** Agency agrees to sell and SHfH agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by SHfH only, constitutes SHfH's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by the Agency and SHfH and recorded on the Property upon conveyance of the Property to SHfH.

3.1. **PURCHASE PRICE.** The Purchase Price for the Property shall be One Dollar (\$1.00), plus Additional Consideration.

3.1.1. **ADDITIONAL CONSIDERATION.** As Additional Consideration buyer shall pay all delinquent property taxes, liens, fees and penalties at the Close of Escrow as a portion of the Purchase Price, payable prior to the conveyance of the Property to SHfH as a condition precedent to its conveyance.

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

3.3. **CONDITIONS TO AGENCY'S PERFORMANCE.** Agency's obligation to perform under this DDA is subject to all of the following conditions:

3.3.1. SHfH has performed all of the obligations that it is required to perform pursuant to this DDA, including without limitation, obtaining all required approvals of the Plans; obtaining building permits sufficient to commence Project construction; providing all required budgets, reports and evidence of funding and insurance; and providing required construction contracts.

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

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

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

3.4. CONDITIONS TO SHfH'S PERFORMANCE. SHfH's obligation to perform under this DDA is subject to satisfaction of all of the following conditions:

3.4.1. Agency has performed all of the obligations that it is required to perform pursuant to this DDA.

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

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

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

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

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

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

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

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

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

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

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

c) Agency shall not, without SHfH's written consent, enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Property that would be binding on SHfH or the Property after the Close of Escrow without the prior written consent of SHfH, except as otherwise agreed in this DDA.

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

Agency shall convey the Property to SHfH pursuant to the terms and conditions contained in this DDA.

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

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

b) SHfH's agreement to close the Escrow for the acquisition of the Property serves as SHfH's representation that SHfH has obtained all additional information regarding the Property that SHfH considers necessary for its due diligence in acquiring the Property.

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

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

e) SHfH has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. SHfH represents that any equity and funding commitments represented by SHfH to Agency as available to the Project are unencumbered and that SHfH has not represented to any other party that it will use such funds for any purpose other than the Project (and covenants that it will not use them for any other purpose) without prior written Agency consent.

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

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

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

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

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

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

e) SHfH shall be solely responsible for the cost and acquisition of the remaining parcels of the Project Site.

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

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

3.8.5. CLOSE OF ESCROW. The Escrow shall not close, and the Property shall not be conveyed to SHfH unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow.

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

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

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

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

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

4. AGENCY FUNDING. There is no Agency funding for this Project other than the land write-down.

5. PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS. The Agency shall have the right, but not the obligation, to review Plans to assure their conformity with the provisions of this DDA. Based upon such review the Agency shall have the right to approve or reject the Plans for reasonable cause.

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

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

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

5.4. DELIVERY. SHfH shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Sacramento Housing and Redevelopment Agency, at the address for notices and shall have clearly marked on its exterior "URGENT: NSP - PRP Vacant Lot at 3530 10th Avenue PROJECT PLAN REVIEW" or the equivalent.

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

5.4.2. AGENCY DISAPPROVAL. If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that the Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If the Agency rejects the proposed Final Plans, SHfH shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as SHfH has modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

5.5. GOVERNMENTAL CHANGES. If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, the SHfH shall inform the Agency. If Agency and SHfH concur in writing with the required change, SHfH shall incorporate the change and it shall be deemed approved by Agency. If Agency or SHfH reasonably disagrees with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative.

5.6. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS. If the SHfH desires to make any substantial changes in the Final Plans, SHfH shall submit such proposed changes, in writing, to the Agency for its approval. The Agency shall approve or disapprove the proposed change as soon as practicable. The Final Plans shall be construed to include any changes approved in the same manner as for approval of the original Final Plans under this section. The Final Plans shall be construed to include any such changes. Nothing in this Section shall be construed to relieve SHfH of its obligations under all applicable laws regarding such changes.

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

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

g) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer.

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

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

6. DEVELOPMENT PROVISIONS. As stated in detail in this Section 6, SHfH shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. SHfH shall promptly begin, diligently prosecute and timely complete the construction of the Project. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code Section 33000) shall control.

6.1. NOTICE TO PROCEED. SHfH shall not enter the Property or begin work on the Project until the Agency has issued to SHfH a written notice to proceed with the work. Agency will issue a notice to proceed after Agency approval of the Final Plans, City's issuance of a building permit for substantially more than the Project foundations, SHfH's compliance with all governmental requirements for start of construction, SHfH's provision of required policies of insurance, and SHfH's provision of proof of construction financing in an amount adequate to begin the Project work.

6.2. CONSTRUCTION CONTRACTS. SHfH shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by SHfH, SHfH shall, nevertheless, bear the responsibility to complete, at SHfH's cost, the construction of the Project in accordance with this DDA. If the property is revested in the Agency pursuant to Section 11.1, SHfH shall assign all rights under the construction contracts to Agency.

6.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, SHfH is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the City of Sacramento. To assure proper review by the City, SHfH shall, within thirty (30) days of the date of this DDA, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, SHfH shall, as applicable, take designs before the City's Design Review/Preservation Board or its appropriate subcommittee for comment as soon as practicable. Conditions to the

project imposed by the City shall be considered obligations of the SHfH under this DDA. If a dispute with City staff arises regarding such City conditions, SHfH shall accept the decision of the City's Planning Commission interpreting, imposing and enforcing such City conditions, subject to any applicable appeals process of the Planning Commission.

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

6.5. SUBSTANTIAL CHANGES. SHfH covenants and agrees that SHfH shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 5.3, without Agency approval of such changes as provided in Section 5.6.

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

6.7. PREVAILING WAGES. Agency advises SHfH that if the Project qualifies as a self-help project as defined in the California Labor Code Section 1720(c)(6)(A) then the Project is not subject to the payment of prevailing wages under California law. The Agency advises the SHfH and Contractor meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Additionally, the Agency advises the SHfH and Contractor make their own independent determinations of the applicability of prevailing wage laws and independently implement such determinations. SHfH indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by SHfH or Contractor or both of them. HUD has determined that Davis-Bacon wages do not apply to this agreement and the construction completed under this agreement.

6.8. PUBLIC SAFETY PROTECTIONS. SHfH shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the Property or SHfH's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

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

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

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

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

6.10. PUBLIC IMPROVEMENTS. SHfH shall, at SHfH's expense, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities for the development of the Property.

6.11. AGENCY ACCESS TO THE PROPERTY. SHfH shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

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

6.13. CERTIFICATE OF COMPLETION. After the Agency has determined that SHfH has completed the construction of the Project in accordance with the Final Plans and SHfH's obligations under this DDA, the Agency will furnish the SHfH with the Certificate of Completion certifying such completion. The Agency's issuance of the Certificate of Completion

shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA with respect to the obligations of the SHfH to construct the Project as of the Completion Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

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

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

6.14. CONSTRUCTION PERIOD EXTENSION FEE. *Intentionally deleted.*

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

6.16. **NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS.** SHfH shall assure notification of the Project contractors, architects and engineers for the Project of the requirements of this DDA. SHfH shall include, where applicable, the provisions of this DDA in construction contracts, subcontracts, materials and supplies contracts and services and consulting contracts for the Project, and SHfH shall undertake the enforcement of such provisions.

6.17. **PROPERTY CONDITION.** SHfH, at SHfH's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which SHfH may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and SHfH, SHfH shall be solely responsible for the adequacy of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the SHfH to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

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

6.19. HAZARDOUS SUBSTANCES. Agency has not obtained a Phase I assessment. In any event, SHfH shall obtain such Hazardous Substances assessments as SHfH deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and SHfH, SHfH shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by SHfH. If Hazardous Substances are known to be on the Property, SHfH shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to SHfH and have not been released on the Property after conveyance to SHfH, SHfH shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to SHfH and have not been released on the Property after conveyance to SHfH and the cost to remediate such Hazardous Substances is reasonably estimated to exceed Five Thousand Dollars (\$5,000), SHfH may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA. SHfH shall bear No percent of the costs related to such remediation and Agency shall bear the remainder of the costs.

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

7. RELOCATION. Agency is required by law to provide relocation services and make relocation payments to eligible tenants that are displaced as a result of the Project. SHfH shall comply fully with all relocation laws that are the obligation of Agency or are otherwise

applicable to the Project. SHfH's compliance with the relocation requirements as stated in this Section 6 is a material element of this DDA. SHfH's failure to comply with the relocation requirements as stated in this Section 6 is an Event of Default, subject to SHfH's opportunity to cure in accordance with applicable law.

7.1. RELOCATION COSTS. Unless otherwise stated in this Agreement, any amounts paid by Agency for relocation costs and services shall be considered advances under the Agency funding.

7.2. COOPERATION AND ACCESS. SHfH shall cooperate fully with Agency in complying with such relocation laws, including without limitation, providing Agency access to all tenants of the Property, to all books and records related to the tenants of the Property and to all properties offered for temporary or permanent relocation. Prior to taking any action with respect to relocation of tenants, SHfH shall meet with Agency to establish reasonable protections for tenants and related reporting requirements for SHfH.

7.3. SHfH AS RELOCATION AGENT. With the approval of Agency, SHfH may act as Agency's agent in accomplishing such relocation. Agency and SHfH by memorandum in writing shall establish their respective duties related to such relocation. If Agency and SHfH agree that SHfH will act as Agency's agent for purposes of this DDA, SHfH may enter into agreements for the provision of relocation services, or SHfH may perform such services directly. SHfH shall, by provisions in its agreements or by direction to its staff, assure that the entity performing the relocation services: (a) complies with all applicable laws; (b) fully informs Agency of all relocation activities; (c) makes all requests for direction or clarification to Agency; and (d) responds to and follow the Agency's instruction and direction.

8. DEVELOPMENT FINANCING. Except as specifically provided in this DDA, SHfH shall be responsible for and shall pay all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to SHfH, SHfH shall provide the Agency with a complete and firm Project budget including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the SHfH shall provide evidence, satisfactory to the Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

8.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by the Agency, SHfH's evidence of available funds, as required in the preceding section, must include only the following: (a) SHfH equity (as provided in Section 8.3); (b) firm and binding loan commitments (as provided in Section 8.2) from each Lender, in form and content acceptable to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, SHfH shall provide all additional information requested by the Agency for evaluation of

the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

8.2. COMMITMENT AND LOAN REQUIREMENTS. As a material obligation under this DDA, SHfH shall assure that the loan documents for the Project are consistent with the Lender's commitment approved by the Agency and comply, in all respects, with this DDA. The Agency may reject a loan commitment unless such commitment: (a) is subject only to Lender's reasonable conditions of title and SHfH's execution of standard loan documents (copies of which have been previously provided to and approved by the Agency); (b) contains only usual, customary, and commercially reasonable loan terms; (c) continues in effect until a time when subject financing is reasonably expected to be required; and (d) for construction financing, provides for a construction loan term not less than that specified in the Schedule of Performances for completion of construction and any additional time necessary to fulfill all conditions precedent to funding of permanent financing. The Agency may also reject any commitment if it is based upon sources and uses of Project funds that are different from those approved by Agency for the Project. The Agency may also reject any commitment that requires changes to the Project which conflict with this DDA, that require amendment of this DDA or that require the Agency to enter into agreements with any Lender, guarantor, equity partner or any other third-party.

8.3. EVIDENCE OF SHfH EQUITY. Unless otherwise agreed in writing by the Agency, SHfH may provide evidence of equity in the amount of No Dollars and No Cents (\$0.00) by any one of the following actions: (a) deposit of the required equity in a joint account with the Agency, which funds shall be released only upon the joint signatures of the Agency and the SHfH; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and content as provided by the Agency, which letter of credit shall provide that the Agency may draw to fulfill any SHfH obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) SHfH's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. SHfH shall not provide evidence of equity that includes funds not available at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated SHfH profit or fees or SHfH contribution of services to the Project. The Agency may reject any submitted evidence of equity if the Agency has any reason to believe that such funds may not be available to the Project.

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

Substances by SHfH, or its employees, agents or contractors, during SHfH's remediation of the Property pursuant to this Section.

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

10. INDEMNIFICATION. SHfH shall indemnify, protect, defend and hold harmless Agency to greatest extent permitted by law, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from bodily injury, death and property damage caused by or resulting from the acts or omissions of SHfH, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

Agency shall indemnify, protect, defend and hold SHfH harmless from any and all liability from bodily injury, death and property damage caused by or resulting from the acts or omissions of Agency, its officers, commission members, employees, advisory committee members or agents and for any and all costs incurred by SHfH in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of SHfH.

This indemnification provision shall survive the termination of this Agreement.

10. LIABILITY INSURANCE. With regard to this DDA, the SHfH shall obtain and maintain for the life of the Regulatory Agreements, and require the Contractor and subcontractors for the Project to obtain and maintain for the term of the development of the Project, such insurance as will protect them, respectively, from the following claims which may result from the operations of the SHfH, Contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable: (a) claims under workers' compensation benefit acts; (b) claims for damages because of bodily injury, occupational sickness or disease, or death of its employees; (c) claims for damages because of bodily injury, sickness or disease, or death of any person other than its employees; (d) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the SHfH, or (2) by any other person, claims for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; (e) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and (f) claims for contractual liability arising from the SHfH's obligations under this DDA.

10.1. LIABILITY INSURANCE POLICY LIMITS. SHfH 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 Agency, and for limits of liability which shall not be less than the following:

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

10.3. COMMERCIAL GENERAL LIABILITY. SHfH shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better. Such insurance shall have limits of liability, which are not less than \$1,000,000, per occurrence limit; \$2,000,000 general aggregate limit, and \$2,000,000 products and completed operations aggregate limit, all per location of the Project.

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

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

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

10.6.1. ADDITIONAL INSURED. SHfH shall obtain a policy in ISO form CG 20 33 or better, naming Agency as additional insured under the Commercial General Liability Policy.

10.6.2. SINGLE PROJECT INSURANCE. It is the intent of the parties that the Project have available all the specified insurance coverages. SHfH shall not provide insurance coverages that

are considered in aggregate with other Projects which SHfH or its Contractor might have concurrently under construction. The Agency may at its discretion permit an aggregate policy if and only if SHfH or the respective Contractor or subcontractor has fully disclosed to Agency other projects which will or may be considered in aggregate with the Project, and thereafter, SHfH shall immediately inform Agency of the change in or addition to any such projects. Nevertheless, Agency may at any time require that the insurance coverage be provided solely for the Project.

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

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

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

10.6.6. BLANKET COVERAGE. SHfH'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 Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded the Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 10 with respect to such insurance shall otherwise be satisfied by such blanket policy.

11. DEFAULTS AND REMEDIES. Except as otherwise provided in the DDA, if either party defaults in its obligations under this DDA, the defaulting party shall immediately commence and diligently proceed to cure the default within thirty (30) days after written notice of default from the other party or, if reasonable, such longer time as is reasonably necessary to remedy such default if such default cannot reasonably be cured within thirty (30) days for reasons beyond the control of the defaulting party, provided that the defaulting party shall promptly begin and diligently pursue such cure to completion. If the defaulting party does not promptly begin and

diligently cure the default within a reasonable time, the other party may institute proceedings to cure the default, including without limitation, proceedings to compel specific performance by the defaulting party. Subject to any extension of time permitted by this DDA, a failure or delay by a party to perform any term or provision of this DDA constitutes a default of this DDA. As a condition precedent to termination of the DDA under this Section, each party shall first tender the return of all property or funds received from or on behalf of the other party, other than funds properly retained as liquidated damages. After such return of property and funds and termination of the DDA, neither Agency nor SHfH shall have any further rights against or liability to the other under the DDA except as expressly set forth in this DDA to the contrary.

11.1. REVESTING TITLE IN AGENCY. Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of the Agency, after conveyance of any part of the Property to SHfH and prior to issuance of Certificate of Completion, if SHfH defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of the Property, then the Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or any part of the Property conveyed to SHfH, and to terminate and re-vest in the Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to SHfH shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the SHfH specified in this Section, failure on the part of SHfH to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in the DDA, the Agency at its option may declare a termination in favor of the Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to SHfH, and that such title and all rights and interests of SHfH, and any assigns or successors in interest to and in the Property, shall revert to the Agency. Such condition subsequent and any such re-vesting of title in the Agency shall always be subject to and limited by the lien or security interest authorized by the DDA, and any rights or interests provided in the DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with the DDA and for which a Certificate of Completion issued as provided in the DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

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

11.1.2. AGENCY REIMBURSEMENT. Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs,

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

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

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

11.2. LIQUIDATED DAMAGES. Intentionally deleted.

11.3. OTHER RIGHTS AND REMEDIES. Upon the occurrence of any default not subject to the preceding liquidated damages provision, and the expiration of any applicable notice and cure period without a cure having occurred within the specified cure period, the non-defaulting party shall have the right to institute such actions as it may deem desirable to remedy a default of this DDA as allowed under this DDA, at law or in equity.

11.4. NONLIABILITY OF AGENCY OFFICIALS AND EMPLOYEES. No member, official or employee of Agency shall be personally liable under this DDA to SHfH, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to SHfH or its successors, or on any obligations under the terms of this DDA.

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

substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

12. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS. Before issuance of a Certificate of Completion, if SHfH has obtained Agency's prior written approval, which approval Agency may withhold in exercise of its reasonable discretion and in consideration of the commercially reasonable protection of its interests under this DDA, the SHfH may obtain a Loan and encumber the Property as security for the Loan, provided either that the proceeds of the Loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms or that the Loan is permanent project financing made upon usual and customary and commercially reasonable terms. Each lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, the Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a Loan, SHfH shall provide the Agency with a conformed copy of all documents related to the Loan. Agency acknowledges that a Lender will rely upon this DDA in making the Loan and that Agency's obligations under this DDA are inducements to Lender's making of the Loan.

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

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated _____ between the Sacramento Housing and Redevelopment Agency and **Sacramento Habitat for Humanity, Inc.** ("DDA"). Lender requests, in accordance with the DDA, that if any default notice shall be given to SHfH under the DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

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

12.3. LENDER NOT OBLIGATED TO CONSTRUCT. Notwithstanding any of the provisions of the DDA, Lender shall not be obligated by the provisions of the DDA to construct or complete the Project. Nothing in this Section or any other provision of the DDA shall be construed to

permit or authorize Lender to devote the Property to any uses, or to construct any improvements on the Property, other than those uses or improvements provided or permitted in the DDA.

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

12.5. DEFAULT BY SHfH. In the event of a default by SHfH, Agency shall not terminate this DDA unless and until the Agency has given notice to Lender of such default, and Lender has failed to cure such default.

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

12.5.2. From and after the cure of such SHfH default, Lender or its designee is not required to obtain possession or to continue in possession of the Property. Nothing in this

Section shall preclude the Agency from exercising any of its rights or remedies with respect to SHfH during any period of such forbearance.

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

12.7. MODIFICATIONS. No modification or amendment to the DDA which materially and adversely affects the Lender's interest in the Property shall be valid and effective unless the Lender's written consent to such modification or amendment has first been obtained, which consent shall not be unreasonably withheld.

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

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

12.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER. In reliance on the financial capability and experience of SHfH, substantial public financing and other public aids have been made available by law and by the federal and local governments to make development of the

Property possible. SHfH shall not, prior to issuance of a Certificate of Completion, assign SHfH's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of SHfH or the degree of their control of SHfH without the prior written consent of Agency. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of SHfH. Such a transfer as permitted in this Section shall not relieve SHfH, or any other party bound in any way by the DDA, from any of its obligations under the DDA. With respect to this provision, the SHfH and the parties signing the DDA on behalf of the SHfH represent that they have the authority of all of SHfH's principals to agree to and bind them to this provision.

13. CONCURRENT AGREEMENTS. The following agreements are to be executed and delivered to each party at Close of Escrow:

13.1. REGULATORY AGREEMENT-PROJECT. The Regulatory Agreement in the form of Exhibit 5. The Regulatory Agreement sets out certain provisions of this DDA which shall survive the completion of the Improvements.

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

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

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

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

14.4. DRAFTER. This DDA shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to

sections are to this DDA. All exhibits referred to in this DDA are attached to it and incorporated in it by this reference.

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

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

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

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

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

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

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

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

14.12.1. Addresses for notices are as follows:

a) Agency: Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, California 95814, Attention: Erika Bumgardner.

b) SHfH: Sacramento Habitat for Humanity, Inc., 8351 Umbria Ave., Bldg. 5, Bay 1, Sacramento, CA 95828, Attention: Ken Cross. AFTER MARCH 1, 2012: Sacramento Habitat for Humanity, Inc., 819 North 10th Street, Sacramento, CA 95811-0324.

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

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

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

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

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

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

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

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

15.2. "Art in Public Places Program" is the commonly used name for the program implementing Agency's Aesthetic Improvement Policy. Aesthetic Improvement Policy is Agency's policy for the creation and display of artwork in public areas. The policy was adopted by Agency Resolution Number 2865, October 16, 1979. The policy as implemented is known as the Art in Public Places Program.

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

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

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

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

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

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

15.9. "SHfH" is Sacramento Habitat for Humanity, Inc., nonprofit corporation. The principal office of the SHfH is located at 8351 Umbria Ave., Bldg. 5, Bay 1, Sacramento, CA 95828. AFTER MARCH 1, 2012, the principal office of the SHfH will be located at 819 North 10th Street, Sacramento, CA 95811-0324. The principals of SHfH is Ken Cross.

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

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

15.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by the Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at Public Resources Code Section 21000) and the rules and regulations promulgated under such act. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by the Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

"Funding Agreement" is the document that states the terms of Agency Funding.

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

15.14. "Hazardous Substances" as used in this DDA shall include, without limitation to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. '1321 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. '9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

15.15. "Lender" shall mean all holders of any lien or encumbrance as security for a loan on all or any part of the Property which loan is made in accordance with this DDA or otherwise approved by Agency in writing.

15.16. "Plans" are the Project designs and elevations, prepared by the Project architect ***Architect name*** and dated ***Preliminary Plan Date***, a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

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

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

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

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

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

15.22. "Schedule of Performances" is the schedule that establishes the dates by which obligations of the parties under this DDA must be performed and on which conditions must be satisfied. The Schedule of Performances is attached as **Exhibit 3: Schedule of Performances**.

15.23. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 4: Scope of Development**.

15.24. "Title Company" is _____ ****Title Company Name****. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is _____ *****Title Company Address*****.

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

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

SHFH : SACRAMENTO HABITAT FOR HUMANITY, INC.

AGENCY: THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

By: 

Kenneth E. Cross, Jr., CEO

By: _____
La Shelle Dozier, Executive Director

Date: 10/24/2011

Date: _____

Approved as to form:

Agency Counsel

**CALIFORNIA
ALL PURPOSE CERTIFICATE OF ACKNOWLEDGEMENT**

State of California

County of SACRAMENTO } SS.

On OCTOBER 24, 2011 before me, ANNE GAMBINO
(Notary Public in and for the State of California)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Anne Gambino
(signature of notary public)

(seal)

[NOTARIZED ACKNOWLEDGEMENTS]

EXHIBIT 1

Property Description

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, CITY OF SACRAMENTO, AND IS DESCRIBED AS FOLLOWS:

LOT 37, AS SHOWN ON THE "PLAT OF INGLEVIEW", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, IN BOOK 8 OF MAPS, MAP NO. 43.

APN: 013-0394-001

EXHIBIT 2

Grant Deed

NO FEE DOCUMENT:
Entitled to free recording
per Government Code § 27383.
Recording Requested by the
SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY
801 12th Street
Sacramento, California 95814
Attention: Portfolio Management

APN #: 013-0394-001-0000

Mail Tax Statements to:

GRANT DEED
NEIGHBORHOOD STABILIZATION PROGRAM
Property Recycling Program
(WITH COVENANTS, RESTRICTIONS AND RESERVATIONS)
3530 10th Avenue Sacramento, California

The undersigned grantor(s) declare(s):

Documentary Transfer Tax is \$ _____ City Transfer Tax: \$ _____

XXX computed on full value of property conveyed, or
_____ computed on full value less value of liens and

encumbrances remaining at time of sale.

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, a California joint powers agency, (the "Grantor"), acting to carry out the Grantor's Property Recycling Program of the Neighborhood Stabilization Program on behalf of the City of Sacramento, (NSP), under the Agency administers the Neighborhood Stabilization Program ("NSP") under the provisions of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, approved July 30, 2008) ("HERA"), hereby grants to SACRAMENTO HABITAT FOR HUMANITY, INC., certain real property more particularly described in Exhibit 1 which is attached to, and incorporated in this Deed by this reference ("the Property"), subject to the covenants, restrictions and reservations set forth below which covenants, restrictions and reservations shall inure to the benefit of, and bind, each and every successor, assign or successor in interest of the parties, including any heirs, executors, administrators, transferees or any other person or entity claiming through the parties.

Property is conveyed in accordance with, and subject to the Disposition and Development Agreement (the "DDA") entered into by and between Grantor and Grantee on _____, 2011.

Disposition and Development Agreement

The Grantee covenants and agrees that the Property shall be devoted only to the uses specified in the applicable provisions of the DDA the Property is conveyed to Grantee at a purchase price (the "Purchase Price") determined in accordance with the uses permitted.

1. Grantee acknowledges and agrees that as provided in the Disposition and Development Agreement, Grantee shall promptly commence and complete development of the Property in accordance with plans and specifications approved by Grantor. Construction of improvements and development of the Property (the "Improvements") required by the Disposition and Development Agreement shall commence and be prosecuted diligently to completion at the time specified in, and subject to the terms of, the Disposition and Development Agreement.

1.1. Grantee shall maintain the Improvements and any other improvements on the Property in good condition and order, shall keep the Property free from accumulation of debris and waste materials and shall permit no action or inaction on the Property such that the Property detracts from the surrounding neighborhood in any substantial manner.

1.2. All obligations imposed upon Grantee herein shall bind any and all successors of Grantee; provided, however, that upon sale or conveyance of the Project, the party selling or conveying shall be relieved of any such obligation to the extent that such obligation arises after the date of sale or conveyance.

2. Grantee covenants and agrees that prior to recordation of any Certificate of Completion for the Property:

2.1. The Grantor shall have the additional right, at its option, to re-enter and take possession of the Property and all improvements on the Property and to terminate and re-vest the Property in the Grantor if the Grantee or its successors in interest shall, in accordance with and subject to the terms of the Disposition and Development Agreement:

2.1.1. Fail to commence or complete the construction of the Improvements when required by the Disposition and Development Agreement and after sixty days written notice from the Grantor of Grantee's failure to timely commence or complete construction, provided that the Grantee shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.2. Abandon or substantially suspend construction of the Improvements for more than sixty days after written notice from the Grantor to continue such construction, provided that Grantor shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.3. Transfer, or suffer any involuntary transfer, of all or any part of, or interest in, the Property, in violation of the Disposition and Development Agreement or this Grant Deed.

2.2. The right to re-enter, repossess, terminate and re-vest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

2.2.1. Any mortgage or deed of trust permitted by the Disposition and Development Agreement or this Deed and duly approved by the Grantor; or

2.2.2. Any rights or interests provided for the protection of the holders of such mortgages or deed of trust.

2.3. The right to re-enter, repossess, terminate and re-vest with respect to the Property shall terminate when the Certificate of Completion has been recorded by the Grantor.

2.4. In the event title to all or any part of the Property is re-vested in the Grantor as provided in this Section 2, the Grantor shall, pursuant to its responsibilities under California Law, use its best efforts to resell the Property or part as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and

Disposition and Development Agreement

of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied as follows:

2.4.1. First, the Grantor shall be reimbursed, on its own behalf or on behalf of the City of Sacramento, California, for all costs and expenses incurred by the Grantor, including but not limited to salaries of personnel incurred in connection with the recapture, management and resale of the Property or part (but less any income derived by the Grantor from the Property in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part (or, in the event the Property is exempt from taxation, assessment or such charges during the period of Grantor's ownership thereof, an amount equal to such taxes, assessments or charges as determined by the assessing official as would have been payable if the Property were not exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part at the time of revesting of title in the Grantor or to discharge or prevent such encumbrances or liens from attaching or being made by any subsequent successors or transferees; any expenditures made or obligations incurred with respect to the completion of the Improvements; and any amounts otherwise owed to the Grantor by the Grantee and its successors or transferee; and

2.4.2. Second, to the extent possible, the Grantee shall be reimbursed in an amount not to exceed the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time of the reentry and repossession, (3) less any gains or income withdrawn or made by the Grantee from the Property or the Improvements; and

2.4.3. Third, any balance remaining after such reimbursements shall be retained by the Grantor.

2.4.4. To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right of reverter shall, however, be interpreted in light of the fact that the Grantor is by this deed conveying the Property to the Grantee for redevelopment pursuant to HERA and/or ARRA and for subsequent sale to an income eligible family at an affordable price and that such redevelopment is a material element of the consideration received by Grantor for the Property.

3. The Grantee covenants and agrees that:

3.1. The Grantee covenants and agrees that with regard to the Property, Grantee shall not discriminate against prospective purchasers or tenants on the basis of their race, religion, national origin, age, color, sex, blindness or other physical disability, marital status, ancestry, sexual orientation, or AIDS or AIDS-Related Complex. The foregoing covenant shall run with the land in perpetuity.

3.2. Grantee agrees that Grantee shall only sell the Property to households that qualify to purchase property under the Neighborhood Stabilization Program, which buyers intend to occupy the Property. As a condition of such sale, the buyer of the Property shall have a household income (as adjusted for the buyer's household size) which does not exceed fifty percent (50%) of the median income for the Sacramento Metropolitan Statistical Area as determined by HUD.

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. All covenants contained in this Deed shall be covenants running with the land and equitable servitudes thereon. The covenants contained in Section 2 of this Deed shall terminate upon issuance of a Certificate of Completion for the Property. Every covenant contained in this Deed not previously terminated shall terminate thirty (30) years from

Disposition and Development Agreement

the date of recordation in the official records of Sacramento County, except that the covenants against discrimination contained in Section 3.1 of this Grant Deed shall remain in perpetuity.

6. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, its successors and assigns, the City of Sacramento, California, any successor in interest to the Property, the owner of any other land (or of any interest in such land) in Project which is subject to the land use requirements and restrictions of the Redevelopment Plan, and the covenants against discrimination contained in Section 3 shall be binding for the benefit of the Grantor, the City of Sacramento and the United States of America and such covenants shall run in favor of the Grantor, the City of Sacramento and the United States of America, for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor and the City of Sacramento, is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenant, and the City of Sacramento (and the United States of America, in the event of any such breach of the covenants in Section 3), shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach against Grantee, its successors to and assigns of the Property or any part or interest in the Property, any subcontracting party or parties or other transferees under the Disposition and Development Agreement, and any party in possession or occupancy of all or any part of the Property.

7. Both before and after issuance of a Certificate of Completion, the Grantor and Grantee and their successors and assigns only shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Deed or to subject the Property to additional covenants, easements, or other restrictions, and Grantor and Grantee may do so without the consent of any tenant, lessee, easement holder, licensee, or any other such person or entity having any interest less than a fee in the Property. Amendments to the Redevelopment Plan applying to other property in the Project shall not require the consent of Grantee by virtue of this Deed.

8. The covenants contained in this Deed shall not be construed as conditions which might result in forfeiture of title, except for the covenants and conditions contained in Section 2 of this Grant Deed.

9. Promptly after the issuance of a Certificate of Occupancy from the City of Sacramento Building Department and completion of the Improvements in accordance with the provisions of the construction plans approved pursuant to the Disposition and Development Agreement and fulfillment of the related obligations of the Grantee under the Disposition and Development Agreement, the Grantor shall furnish the Grantee with an appropriate instrument (the "Certificate of Completion") certifying such completion and stating that the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Disposition and Development Agreement and in this Deed obligating the Grantee with respect to the construction of the Improvements and the dates for beginning and completion thereof.

With respect to such individual parts or parcels of the Property which, if so provided in the Disposition and Development Agreement, the Grantee may convey or lease as the Improvements thereon are completed, the Grantor shall also, upon proper completion of the Improvements relating to any such part or parcel and prior to such conveyance or lease, issue a Certificate of Completion with regard to such part or parcel. Such certification shall mean and provide (1) that any party purchasing or leasing such individual part or parcel with required authorization shall not (because of such purchase or lease) incur any obligation with respect to the construction of the Improvements relating to such part or parcel or to any other part or parcel of the Property; and (2) that neither the Grantor nor any other party shall thereafter have or be entitled to exercise with respect to any such individual part or parcel so sold (or, in the case of lease, with respect to the leasehold interest) any rights or remedies or controls that it may otherwise have or be entitled to exercise with respect to the Property as a result of a default in or breach of any provisions of the Disposition and Development Agreement or of this Deed by the Grantee or any successor in interest or assign, unless (i) such default or breach be by the purchaser or lessee, or any successor in interest to or assign of such individual part or parcel with any other of the covenants contained and referred to in this Deed and the Declaration of Restrictions and (ii) the right, remedy or control relates to such default or breach.

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The Certificate of Completion shall be in a form acceptable for recordation in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Grantor shall refuse or fail to provide the Certificate of Completion, the Grantor shall, within thirty (30) days after written request by the Grantee provide the Grantee with a written statement, indicating in what respects the Grantee has failed to duly complete said Improvements and what measures or acts will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

10. The Grantor certifies that Grantor has complied with all conditions precedent to the valid execution and delivery of this Deed required on its part and that all things necessary to constitute this Deed and its valid, binding and legal agreement on the terms and conditions and for the purposes set forth herein have been done and performed and have happened, and that the execution and delivery of this Deed on its part have been and are in all respects authorized in accordance with law. The Grantee similarly certifies with reference to its execution and delivery of this Deed.

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed on their behalf by their respective and duly authorized officers, on the following dates, effective as of _____, 2011.

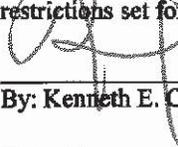
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY:

La Shelle Dozier, Executive Director

Date: _____

APPROVED: _____
Agency Counsel

Grantee hereby accepts, concurs in and agrees to all the covenants, conditions, easements, reservations and restrictions set forth in this Grant Deed.


By: Kenneth E. Cross, Jr. Chief Executive Officer

Title: Manager

EXHIBIT 3

Schedule of Performances

Construction – Home construction must commence within two (2) years of the Effective Date of this DDA.

Property Maintenance – Maintain the property from the close of escrow through the sale to an eligible owner in compliance with the DDA.

Completion – Construction of the home must be completed within three (3) years from the Effective Date of this DDA and sold to an eligible Owner-Occupant Household at 50% AMI or less, at an affordable price.

EXHIBIT 4

Scope of Development

New Construction of a detached single family home, meeting or exceeding all applicable code and permit requirements and to a good and attractive condition that is at the highest level available in the adjacent neighborhood. The Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines.

Upon successful completion of construction of the home, home must be sold to an income-eligible owner-occupant homebuyer approved, in advance of sale, by SHRA.

EXHIBIT 5

Regulatory Agreement

**REGULATORY AGREEMENT FOR DEVELOPMENT OF HOMEOWNERSHIP PROPERTY
INCLUDING COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND
PROPERTY RECYCLING PROGRAM –NSP**

INCLUDING CONDITIONS PRECEDENT TO RESALE

PROJECT NAME:	PRP Vacant Lot Development
PROJECT ADDRESS:	3530 10 Avenue, Sacramento, CA
EFFECTIVE DATE:	
APN:	013-0394-001-0000

NOTICE: THIS REGULATORY AGREEMENT IMPOSES COVENANTS, CONDITIONS AND RESTRICTION ON THE PROPERTY WHICH STAY WITH THE PROPERTY FOR MANY YEARS, INCLUDING RESTRICTIONS ON THE RESALE PRICE AND THE USE AND MAINTENANCE OF THE PROPERTY.

WARNING: A SALE IN VIOLATION OF THIS REGULATORY AGREEMENT IS VOID.

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS REGULATORY AGREEMENT AS OF THE EFFECTIVE DATE.

1. **GENERAL.** This Regulatory Agreement incorporates the Exhibits listed below, which are attached to this Regulatory Agreement.

2. **DEFINITIONS.** The capitalized terms in this Regulatory Agreement shall have the meanings assigned in the following Definitions Table and as defined in the body of the Regulatory agreement, which terms being defined are indicated by quotation marks.

TERM	DEFINITION
“Effective Date”	This Regulatory Agreement shall be effective as of the following date:
“Agency”	Sacramento Housing and Redevelopment Agency The Agency is a joint powers agency
“Owner” and “Developer”	Sacramento Habitat for Humanity, Inc., A California Nonprofit Public Benefit Corporation
“Agency Address”	Agency’s business address is as follows: 801 12 th Street, Sacramento, California 95814
“Owner Address”	Owner’s business address is as follows: 8351 Umbria Ave., Building 5, Bay 1, Sacramento, CA 95828. AFTER MARCH 1, 2012: 819 North 10 th Street, Sacramento, CA 95811-0324.
“Jurisdiction”	City of Sacramento
“Property”	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as Exhibit 1 – Legal Description of the Property .
“Funding Agreement”	The Funding Agreement between Agency and Owner, named and dated as follows: Disposition and Development Agreement (DDA) involves a land write-down, dated concurrently with this Regulatory Agreement

Disposition and Development Agreement

“Agency Funding”	The Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property	
“Agency Funding Amount “	The total amount of the Agency Funding, as follows:	\$21,633
“Project Development Funds”	The total of all funds expended to develop the Project, including without limitation payments for land acquisition, costs of financing, costs of predevelopment, and, as applicable, the costs of development or rehabilitation.	\$ N/A
“Unit Development Funds”	N/A	
“Restricted Units”	The individual housing parcels within the Property that are to be subject, by this Regulatory Agreement to affordability restrictions that limit the price for which they may be sold and resold.	
“Approved Use”	The only permitted use of the Property, which is as a residential property available for sale to the general public and containing not less than the following number of units:	1

3. RESTRICTED UNITS: The following units are Restricted Units for the respective Funding Source or Funding Sources specified. The initial sales price for the respective Restricted Units is determined pursuant to the DDA.

a. If the applicable Sacramento Metropolitan Statistical Area median income is adjusted by the federal Department of Housing and Urban Development prior to the sale of a Restricted Unit or if other factors considered in making the determination of the following prices (in accordance with Agency policy and practice) change prior to the sale of a Restricted Unit, then the following schedule shall be adjusted to assure compliance with the Funding Requirements as of the date when the Restricted Unit is sold (and the new schedule recorded in the same manner as the original).

4. RESTRICTION ON SALES. In order to assure that the proper number and types of units have been sold in accordance with this Regulatory Agreement, Developer is prohibited from selling any Restricted Unit within the Project unless and until (a) the Agency has reviewed and determined that the sale complies with the Funding Requirements, and (b) that the sales price to be paid by the buyer on sale is an “Affordable Price” as required by the Funding Source. A purported sale to a third party in violation of this Regulatory Agreement is voidable by Agency at any time upon notice to Developer.

a. Owner shall only sell the Property to households that qualify to purchase property under the Sacramento Housing and Redevelopment Agency’s Property Recycling Program of the Neighborhood Stabilization Program, which buyers intend to occupy the Property.

b. A qualified sale pursuant to this DDA and consistent with NSP is to an Eligible Household defined as very low income (VLI) homeowner occupants having no more than fifty percent (50%) of the area median income (HERA Title III, Sect. 2301(f)(3)(A)), adjusted for family size..

5. NO RENTAL. Developer shall not rent the Restricted Units without the prior written approval of the Agency. Agency may withhold such approval if the proposed rental would violate provisions of the Funding Restrictions.

6. RECAPTURE. If Developer sells a Restricted Unit without Agency authorization or sells a Restricted Unit at a price that exceeds the Affordable Price, Developer shall repay to Agency, as “Recapture”, all of the Agency Funding allocable to the Restricted Unit, plus interest from the date of this Regulatory Agreement until paid, at then market rate for construction loans for projects similar to the Project, as reasonably determined by the Agency.

7. TERMINATION OF COVENANTS. If the Agency is paid the Recapture, the covenants, conditions and restrictions contained in this Regulatory Agreement shall terminate, except as to covenants which provide otherwise, including without limitation, the covenant against discrimination, all of which continue in effect. Agency has provided Agency Funding, subject to the terms of the Funding Agreement, in consideration of the property interests conveyed to Agency under this Regulatory Agreement. The funds used by Agency under the Funding Agreement are funds

Disposition and Development Agreement

from public funding sources administered by Agency and their use is subject to certain requirements some of which are embodied in this Regulatory Agreement. Further, Agency has made the Agency Funding in accordance with the laws, rules and regulations to which Agency is subject. This Regulatory Agreement represents a portion of this entire transaction. Therefore, Agency has made the Agency Funding conditioned upon Owner's agreement, for itself and its successors and assigns, to comply with all provisions of this Regulatory Agreement, including without limitation, the Funding Agreement. Owner has had full opportunity to make itself independently familiar with such limitations and restrictions, and Owner accepts them and agrees to comply fully with them.

8. PROHIBITION ON SALE WITHOUT APPROVAL; CONDITION PRECEDENT. Owner is prohibited from selling the Property including the Restricted Unit unless and until (a) the Agency has reviewed and determined that the sales price complies with the Funding Requirements. For purposes of determining such compliance, the sales price is amount actually paid to Owner by the purchaser, including all additions or reductions made to the initial purchase price shown in the purchase and sale agreement between Owner and the purchaser. Owner shall receive no consideration for additions or improvements made to the Property, except those improvements (such as the addition of bedrooms) that affect the affordability calculations of the Funding Requirements. Pursuant to Section 9.a below, the foregoing is a condition precedent to any resale of the Property.

9. COVENANTS. Owner makes the following covenants. Unless Owner has received the prior written consent of Agency otherwise, Owner shall fully comply with each and every covenant. Except as otherwise stated in this Regulatory Agreement, the following covenants shall have a term that is the same as the longest term specified in the Funding Requirements.

a. Owner shall comply with the foregoing covenant prohibiting resale without Agency approval. Such compliance is a condition precedent to any such resale. If Owner fails to comply with said covenant, such resale shall be null and void, and the purported purchaser and anyone claiming any interest in the Property on account of such resale, including without limitation trustors and beneficiaries under deeds of trusts or others claiming lien or mortgage interests in the Properties, shall have no interests in or rights regarding the Property.

b. Owner shall use and permit others to use the Property only for the Approved Use.

c. Owner shall assure full compliance with the Disposition and Development between Agency and Owner.

d. Owner shall not cause and shall not permit expansion, reconstruction, or demolition of any part of improvements on the Property, except as provided by the Funding Agreement.

e. Owner shall maintain the Property and the building improvements, grounds and equipment of the Property in good repair and condition and in compliance with all applicable housing quality standards and local code requirements. Owner shall maintain the Property in good condition and shall keep the Property reasonably free from graffiti and unrepaired vandalism and from accumulation of abandoned property, inoperable vehicles, unenclosed storage, debris, and waste materials. In the event of a casualty loss, Owner shall cause the restoration or replacement of the Property, in a timely manner and provided that such restoration or replacement is then economically feasible.

f. Owner shall not cause and shall not permit discrimination on the basis of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

g. Owner shall assure compliance with the federal Personal Responsibility and Work Opportunity Act (Public Law 104-193, commonly known as the Welfare Reform Act) prohibiting the Agency funding of federal, state or local benefits to persons who are not citizens or qualified aliens as defined in the such act.

Disposition and Development Agreement

10. **NATURE OF COVENANTS.** The provisions contained in this Regulatory Agreement are covenants which subject and burden the Property, as covenants running with the land. It is intended and agreed that the agreements and covenants provided in the Agreement shall be covenants running with the land and equitable servitudes on the land and that they shall, in any event, and without regard to technical classifications or designation, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, the Agency, the Agency's successors and assigns, any other governmental entity acting within its authority and any successor in interest to Agency's interest under this Regulatory Agreement against the Owner, its successors and assigns and every successor in interest to all or any part of the Property.

11. **TERM.** The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, until the closing of a qualified sale to an eligible household as verified by the Agency.

12. **RECORDKEEPING AND REPORTING.** Upon written request of Agency, Owner shall promptly provide any additional information or documentation to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of the Agency, Owner shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions regarding the income, assets, liabilities, contracts, operations, and condition of the property and their compliance with the Funding Agreement and this Regulatory Agreement.

13. **AUDIT AND INSPECTION.** The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related items shall at all times be maintained in reasonable condition for audit and shall be subject to examination by the Agency or its agents. The books and accounts of the operations of the Property and of the Property shall be kept in accordance with generally accepted accounting principles. Owner shall provide Agency access to the Property and its tenants during reasonable hours for the purpose of reviewing Owner's compliance with this Regulatory Agreement.

14. **INDEMNITY FOR OWNER'S FAILURE TO MEET LEGAL REQUIREMENTS.** Owner shall indemnify and hold Agency, its officers, directors, and employees harmless from any and all liability arising from Owner's failure to comply with the covenants, conditions and restrictions contained in this Regulatory Agreement and its failure to comply with all other laws, rules, regulations and restrictions related to the use of Agency Funding. Without limitation, such indemnity shall include repayment to the appropriate parties of rents or sales proceeds in excess of amounts authorized to be charged and repayment to the Agency of the costs of funds and the value of lost opportunities resulting from the required repayment by Agency to the funding source of funds improperly used.

15. **CHANGES WITHOUT CONSENT OF TENANTS, LESSEES, OR OTHERS.** Only Agency and its successors and assigns, and Owner and its successors and assigns (subject to the reasonable approval of Owner's lender) shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in this Agreement. Such changes or termination shall not require the consent of any easement holder, licensee, other mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site.

16. **DEFAULT.** Upon a breach of any of the provisions of this Regulatory Agreement by Owner, the Agency may give written notice of such breach to Owner by registered or certified mail. To the extent reasonable under the circumstance, in the event of any breach, the Agency and Owner shall reasonably endeavor to identify a remedy for such breach by conference and conciliation. If such violation is not corrected to the satisfaction of Agency within sixty (60) days after the date such notice is mailed or within such further time as the Agency may reasonably determine is necessary to correct the breach, and without further notice to Owner, the Agency may declare a default under the Agreement, effective on the date of such declaration of default, and upon such default the Agency may: (a) take any action then available under the Funding Agreement for a default under the Funding Agreement and (b) apply to any court for specific performance of this Regulatory Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement, for money damages or for such other relief as may be appropriate. The injury to the

Disposition and Development Agreement

Agency arising from a default under any of the terms in this Regulatory Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

a. Agency may institute or prosecute in its own name, any suit Agency may consider advisable in order to compel performance of any obligation of any owner to develop and maintain the subject property in conformity with this Regulatory Agreement and to remedy any default of this Regulatory Agreement. Agency may also seek a decree requiring removal of any improvements constructed on the Property which improvements are designed for uses not permitted under this Regulatory Agreement and which improvements are unsuitable only for uses not permitted under this Regulatory Agreement.

b. The remedies of the Agency under this Regulatory Agreement are cumulative. The exercise of one or more of such remedies, including, without limitation, remedies under the Funding Agreement shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

17. BINDING SUCCESSORS IN INTEREST. This Regulatory Agreement shall bind and the benefits shall inure to the Owner, its successors in interest and assigns, and to the Agency and its successors for the term of this Regulatory Agreement.

18. CONTRADICTION AGREEMENTS. Owner warrants that he has not, and will not, execute any other agreement with provisions in contradiction or opposition to the provisions of this Regulatory Agreement, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations stated and supersede any other requirements in conflict with this Regulatory Agreement.

19. ATTORNEYS' FEES. If the services of any attorney are required by any party to secure the performance of this Regulatory Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or mediation is necessary to enforce or interpret any provision of this Regulatory Agreement or the rights and duties of any person in relation to this Regulatory Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of this Regulatory Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law. The prevailing party shall mean the party receiving an award in arbitration or a judgment in its favor, unless the award or judgment is less favorable than the best settlement offered in writing in a reasonable manner by the other party, in which case the prevailing party is the party making such settlement offer.

20. SEVERABILITY. If any term or provision of this Regulatory Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Regulatory Agreement shall not be affected; provided that the intent of the Regulatory Agreement may then be reasonably fulfilled. In any event, the term or provisions shall be deemed to be invalid only as to the entity and circumstance for which it was held to be invalid.

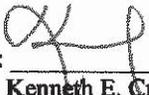
21. NO WAIVER. No waiver by the Agency of any breach of or default under this Regulatory Agreement shall be deemed to be a waiver of any other or subsequent breach or default.

22. NOTICES. Written notices and other written communications by and between the parties shall be addressed to the Owner at the Owner Address and to the Agency at the Agency Address or such other address as each respective party has designated by written notice to the other party.

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

Disposition and Development Agreement

**OWNER : SACRAMENTO HABITAT FOR HUMANITY,
INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT
CORPORATION**

By: 
Kenneth E. Cross, Jr., CEO

Date: 10/24/2011
Approved as to form: _____
Developer Counsel

**AGENCY: THE SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY, A JOINT POWERS
AGENCY**

By: _____
LaShelle Dozier, Executive Director

Date: _____
Approved as to form: _____
Agency Counsel