



## City Council Report

915 I Street, 1<sup>st</sup> Floor  
Sacramento, CA 95814

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**File #:** 2016-01390

December 6, 2016

**Public Hearing Item 15**

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**Title: (City Council/Housing Authority) Approval of Disposition and Development Agreement and Related Loan Agreements for the Del Paso Nuevo Phase VI Project (Noticed 11/22/2016) [Published for 10-Day Review 11/23/2016]**

**Recommendation:** Conduct a public hearing and upon conclusion pass: 1) a City Council Resolution a) finding that the sale of the Housing Authority of the City of Sacramento (Housing Authority) property to Del Paso Homes, Inc. (Developer) for construction and sale of new single-family homes is consistent with the Implementation Plan for the Del Paso Heights Redevelopment Plan; and b) approving the sale of the property by the Housing Authority pursuant to a Disposition and Development Agreement (DDA); and 2) a Housing Authority Resolution a) finding that the sale of Housing Authority property for construction and sale of new single-family homes is consistent with the Implementation Plan for the Del Paso Heights Redevelopment Plan and will assist in the elimination of blight and increase the supply of affordable housing, b) finding that the consideration for the sale of the property by the Housing Authority to the Developer is the Developer's obligations under the DDA and Seller Carry-back Loans based on the fair market value of the property of \$1,440,000 less subdivision infrastructure repair costs, c) authorizing the Executive Director to enter into and execute the DDA, Seller Carry-back Loans, and all other documents and agreements as approved to form by Sacramento Housing and Redevelopment Agency (Agency) Counsel as well as to perform all other actions necessary to ensure property repayment of the Housing Authority funds, d) finding that an economically feasible method of alternative financing is not available, and e) authorizing the Executive Director to subordinate the Housing Authority loans to the senior construction loan.

**Location:** Del Paso Nuevo Development between Ford Road and South Avenue off Norwood Avenue, District 2

**Contact:** Christine Weichert, Assistant Director, Development Finance, (916) 440-1353;  
Tyrone Roderick Williams, Director of Development, (916) 440-1316, Sacramento Housing and Redevelopment Agency

**Presenter:** Anne Nicholls, Housing Finance Analyst, Sacramento Housing and Redevelopment Agency

**Department:** Sacramento Housing and Redevelopment Agency

**Attachments:**

- 01-Description/Analysis
- 02-Del Paso Nuevo Phases I – VI Map
- 03-Del Paso Nuevo Phase VI Parcel Map
- 04-Rendering and Floor Plans
- 05-Project Summary (14 Homes)
- 06-City Council Resolution
- 07-Exhibit A Section 33433 Report
- 08-Housing Authority Resolution
- 09-Exhibit A DDA
- 10-Exhibit B Loan Agreement

**Description/Analysis:**

**Issue Detail:** Del Paso Nuevo is a 154-acre master planned community formed to provide a minimum of 300 new single-family homes in the former Del Paso Heights Redevelopment Area. In 1997, this area received a Homeownership Zone Designation from the United States Department of Housing and Urban Development (HUD) and more than \$10 million in federal loan guarantees and grants for the project. In return, at least 51 percent of the new homes constructed in Del Paso Nuevo must be sold at affordable prices to families earning no more than 80 percent of the area median income (AMI). Phase VI will include the new construction of 72 single-family homes with at least 51 percent sold at affordable prices to low-income buyers. Completion of the final phases of the project will enable the Agency to fulfill the homeownership requirements set by HUD for the Del Paso Nuevo Homeownership Zone.

To date, construction has been completed on two community parks, all infrastructure and street improvements, and 325 finished lots. A total of 177 new single-family homes have been completed. Four of the six planned building phases in the community are complete. Construction is complete on 15 of the 91 homes planned for Del Paso Nuevo Phase V.

Del Paso Nuevo Phase VI (Phase VI), the subject of this report, is located near the northeast corner of Nuevo Park as shown in Attachment 3. Phase VI includes 72 finished lots to be used for the phased construction of for-sale single-family homes (Project). Attachment 4 includes a Parcel Map highlighting the location of the 72 lots and the anticipated phases of construction.

On February 19, 2016, a Request for Qualifications was issued to attract developers to the project. On June 17, 2016, Del Paso Homes, Inc. was recommended by a selection committee to complete Phase VI. This report recommends actions to facilitate the completion of this phase, including the disposition of the 72 lots to the Developer for the phased construction of new single-family homes, including a minimum of 51 percent (37) of the homes that must be sold at affordable prices to low-income families earning 80 percent or less than the area median income (AMI).

The property will be sold to the Developer at market value less subdivision infrastructure repair costs. The Project will be financed with seller carry-back loans based on the value of each lot multiplied by the number of lots sold in each phase. For example, the fair market value of each lot has been appraised at \$20,000. If 15 lots are released, the seller carry-back loan will be for \$300,000. All loans will carry a four percent interest rate. The seller carry-back loan will be repaid upon sales to homebuyers. This project is subject to Health and Safety Code §33431 and §33433 as a sale of property without public bidding and the disposition of property acquired with tax increment funds. In compliance with §33433, a report has been prepared and is attached as Exhibit A to the City Council resolution accompanying this report.

In the first phase, 14 lots will be sold to the Developer to construct four model homes and ten for-sale homes. The second phase will consist of 15 lots which will be sold for the construction of 15 for-sale homes. Subsequent properties will be sold in sets of up to 15 parcels unless Housing Authority approval is given to sell more parcels. Construction on the subsequent phases of homes will not begin until all of the for-sale homes from the previous phase have been built and at least 80 percent of the homes have been sold. Each phase of homes is estimated to be constructed in six to nine months. The total Project is anticipated to be completed in approximately three to four years.

**Policy Considerations:** The recommended actions are consistent with City and Agency objectives to develop property for uses in compliance with the City Housing Element that encourage infill development, enhancing and preserving existing neighborhoods, and expanding affordable housing opportunities in a mixed-income development. The recommended actions are also consistent with the requirements of the Del Paso Nuevo Homeownership Zone and the Del Paso Heights Redevelopment Plan.

**Economic Impacts:** This residential new construction project is expected to create approximately 201 total jobs (114 direct jobs and 87 jobs through indirect and induced activities) and result in approximately \$16.9 million in total economic output (\$10.3 million direct output and another \$6.6 million of output through indirect and induced activities). The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The Del Paso Nuevo Project was evaluated in accordance with CEQA and a Mitigated Negative Declaration was adopted for this Project. This action does not constitute a new project or a change in the Project under CEQA; therefore, no further environmental review is required per CEQA Guidelines Sections 15378 and 15162.

**Sustainability Considerations:** The recommended actions will provide a wide array of housing choices and transportation options near jobs reducing long commutes for a balanced, healthy City. The Project is considered to be infill development and has been reviewed for consistency with the goals, strategies and policies of the 2035 General Plan. If approved, the

Project will advance the following goals, strategies and policies that will directly or indirectly conserve energy resources, in part, from the 2035 General Plan, Housing Element - Strategies and Policies for Conserving Energy Resources, Climate Action Plan - State Energy Efficiency Requirements for New Construction, subsection 7.2: Title 24 of the California Code of Regulations contains California's building standards for energy efficiency (Title 24). New home construction will conform to current building codes incorporating improved energy efficiency and enhanced green building standards meeting Title 24 standards. The goal is to create a neighborhood of quality, affordable and energy efficient homes.

**Other: National Environmental Policy Act (NEPA):** A Finding of No Significant Impact was made pursuant to the National Environmental Policy Act (NEPA) for the Del Paso Nuevo Project, and the data and conditions upon which it was based remain unchanged. There has been no change in the scope of work, and there are no new circumstances that warrant subsequent environmental review. Therefore, no further action under NEPA is required.

**Commission Action:** At its meeting on November 16, 2016, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this project. The votes were as follows:

AYES: Creswell, Griffin, Morgan, Painter, Raab, Simas, Staajabu

NOES: None

ABSENT: Alcalay, Johnson, Macedo, Rios

ABSTAIN: None

**Rationale for Recommendation:** The Developer is purchasing the remaining 72 vacant parcels of land in Del Paso Nuevo Phase VI from the Housing Authority of the City of Sacramento. All public infrastructure and street improvements have been completed. Using Developer equity, possible sewer fee credits, and private financing, the Developer will complete the phased construction of 72 for-sale homes located within Phase VI. Construction of these homes will complete Phase VI and assist in meeting the HUD requirement for developing a sustainable, mixed income homeownership community in Del Paso Nuevo.

**Financial Considerations:** The Agency will sell the Property in phases to the Developer. The Developer will finance the purchases through a series of Seller Carryback loans from the Housing Authority totaling \$1,440,000 less subdivision infrastructure repair costs. Each loan will carry a four percent simple interest rate. The loans will be repaid incrementally from net

proceeds upon the sale of each newly constructed home. No additional public financing will be required.

**LBE/M/WBE/Section 3 Considerations:** The activities recommended in this report do not involve new federal funding; therefore, there are no M/WBE or Section 3 requirements. However, the Developer will instruct its general contractor and subcontractors to utilize lower income area residents as employees to the greatest extent feasible. This will include both direct outreach and by using programs which incorporate referral and training sources that include, but are not limited to, the North State Building Industry Foundation. Monthly local hire reporting will be required.

### **Background Information: Del Paso Nuevo Phase VI**

#### **Project Description**

Del Paso Nuevo is a 154-acre master planned community that is providing new single-family homeownership opportunities in the former Del Paso Heights Redevelopment Area. In 1997, this area received a Homeownership Zone Designation from the U.S. Department of Housing and Urban Development (HUD). As a result, the project received more than \$10 million in federal loan guarantees and grants for the project administered by the Sacramento Housing and Redevelopment Agency (Agency). In return, a minimum of 300 homes must be constructed with at least 51 percent of the homes sold at affordable prices to families that earn no more than 80 percent of the area median income (AMI).

The Del Paso Nuevo Specific Plan Design Guidelines for new homes in Del Paso Nuevo reflect new urban planning principles intended to create a sustainable, ethnically diverse, mixed-income neighborhood that includes nearby supportive civic and commercial land uses. As of October 24, 2016, construction has been completed on all infrastructure, street improvements, two community parks, and 325 finished lots. A total of 177 new single-family homes have been constructed and four of the original six planned building phases in this new community are complete. The remaining two phases are further described below.

#### **Phase V**

This phase is located between Ford Road and Fairbanks Avenue near the southeast corner of Nuevo Park (see Attachment 3 – Del Paso Nuevo Map). In June 2015, Council and the Housing Authority approved Pacific Housing, Inc., (PHI) a nonprofit public benefit corporation, to complete Phase V. This phase includes five individual floor plans on 91 lots. The homes have two stories and range in size from 1,550 to 2,160 square feet. All homes have three to four bedrooms, a minimum of two bathrooms, and two car garages. As of October 24, 2016, ten homes have sold and an additional five serve as model homes. An additional 15 homes

are currently under construction and scheduled to be completed by January of 2017. Thirteen of these 15 are already under purchase contracts pending completion of construction.

### **Phase VI**

This phase is located between Ford Road and South Avenue near the northeast corner of Nuevo Park (see Attachment 3 – Del Paso Nuevo Map). On February 19, 2016, a Request for Qualifications was issued to select a developer for the project. On June 17, 2016, a development team led by Del Paso Homes, Inc. (Developer) was recommended by a selection committee to complete this final phase of Del Paso Nuevo. Phase VI includes the conveyance of 72 lots to the Developer for the construction of new single-family homes, including a minimum of 51 percent, or 37 homes, which must be sold at affordable prices to low-income families earning 80 percent or less of AMI. 17 of the 37 homes will remain affordable for 45 years as required by redevelopment law. The remaining 20 homes will be affordable for 15 years.

The Developer plans to offer five individual floor plans on the 72 lots which will be single- and two-story homes ranging in size from 760 to 2,070 square feet. The homes range from two to four bedrooms, and one- to two-car garages. Subject to changing market conditions, the proposed plan is to construct approximately 10 percent of the homes using the smallest plan, 70 percent using the mid-size plans, and 20 percent that utilize the largest plan. All new home construction will conform to current building codes incorporating improved energy efficiency, enhanced green building standards and meet Title 24 standards. The goal is to create a neighborhood of quality, affordable, and energy efficient homes that meet the Del Paso Nuevo Specific Plan Design Guidelines. It is anticipated that lots will be released in multiple phases of up to 15 homes each with all 72 homes to be constructed and sold over the next three to six years. After the first two phases, subsequent phases may contain additional lots depending on demand and anticipated absorption rates at the time and as approved in advance and in writing by Housing Authority prior to the sale of parcels. Construction on each subsequent set of homes will not begin until 100 percent of the previous set has been constructed and at least 80 percent have been sold.

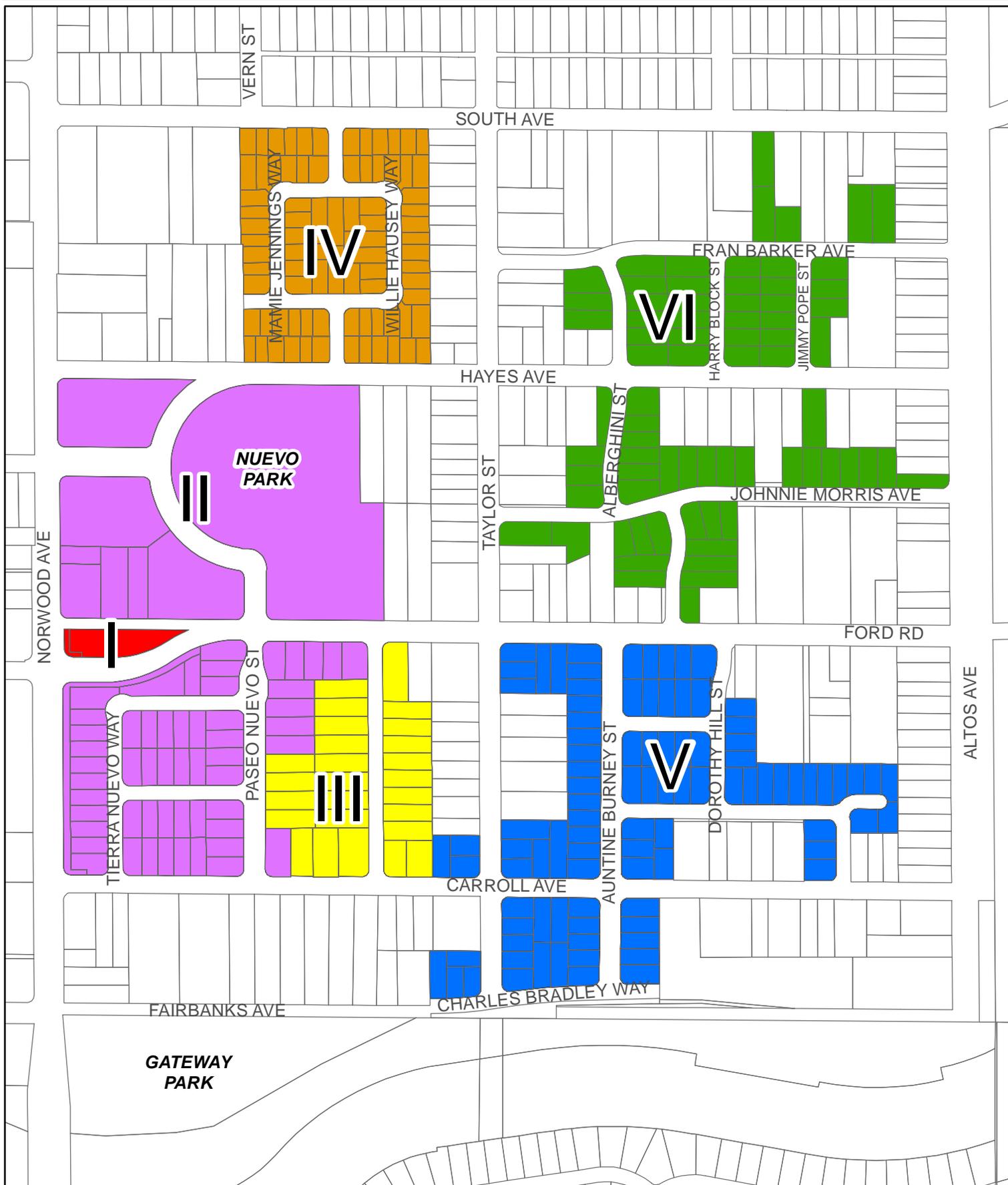
### **Development Team**

John Griffin is the President of Del Paso Homes, Inc. (Developer and General Contractor). Mr. Griffin has been in the home building industry for more than 30 years and has directly supervised the construction of more than 4,000 homes. Since moving to Sacramento in 2000, he has developed four projects totaling over 400 homes, and purchased and entitled an additional 595 lots. To date, Mr. Griffin has constructed 81 new homes in the Del Paso Nuevo master planned community. Mr. Griffin has served as Chair of the North State Building Industry Association Board and continues to be an active member of the organization.

The development team will also include North State Building Industry Foundation (NSBIF) that will focus on local training and hire programs and the Mutual Assistance Network (MAN) that will lead the community outreach, homebuyer education, and assist in local hire program coordination. It is anticipated that MAN will enlist assistance and support from the NSBIF, Greater Sacramento Urban League and the Sacramento Employment and Training Agency (SETA) in the outreach effort. These organizations will initiate community-oriented employment fairs and seminars, as well as coordinate homebuyer education and down payment assistance classes. In addition, they will sponsor and organize neighborhood activities to foster a sense of community and help ensure a safe and cohesive community environment. NSBIF, MAN and the Developer will also develop a long-term home maintenance program to educate and assist homebuyers in maintaining the value of their new homes.



# Del Paso Nuevo Phases I - VI

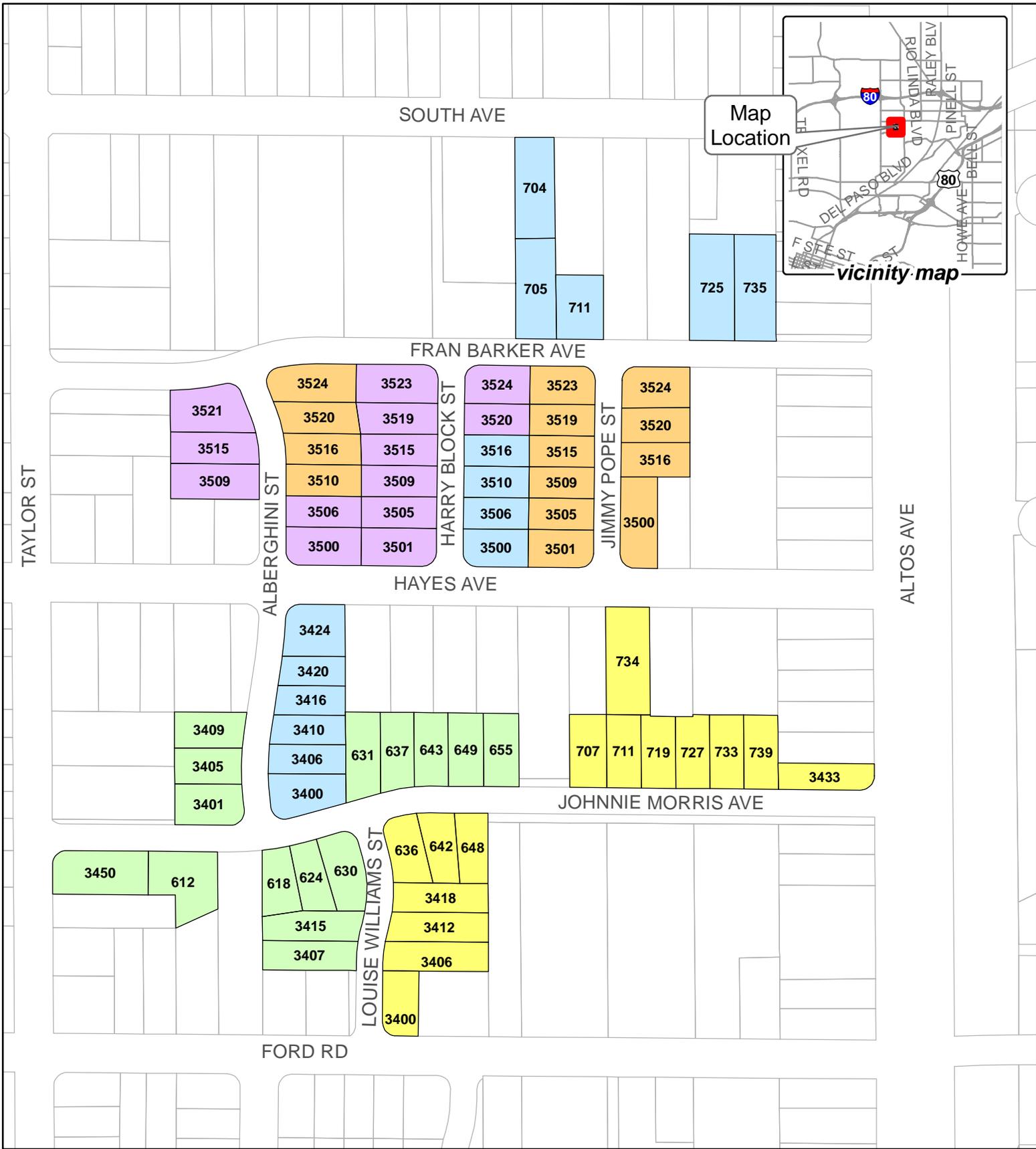


- Phase I
- Phase III
- Phase V
- Phase II
- Phase IV
- Phase VI





# Del Paso Nuevo Phase VI Buildout Phases 1 through 5



Map Location



vicinity map

- Phase 1
- Phase 3
- Phase 5
- Phase 2
- Phase 4

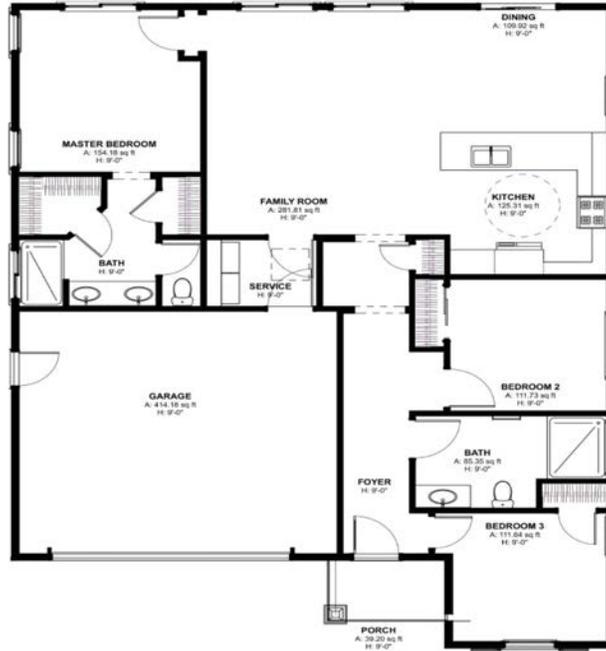




**Del Paso Nuevo Phase VI**  
Rendering and Floor Plans

# Del Paso Nuevo Phase VI

## Floor Plan #1: 3 bedrooms - 1,410 SF



## Floor Plan #2: 3 bedrooms - 1,628 SF

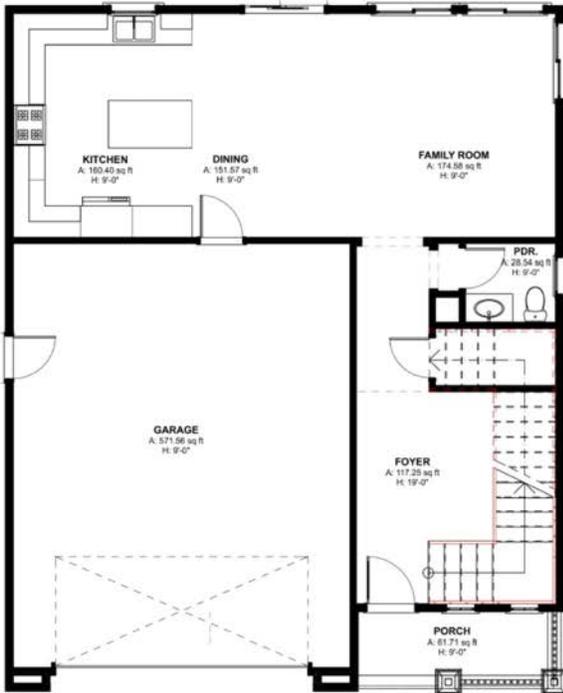


MAIN FLOOR PLAN

UPPER FLOOR PLAN

## Del Paso Nuevo Phase VI

### Floor Plan #3: 3 bedrooms - 1,754 SF

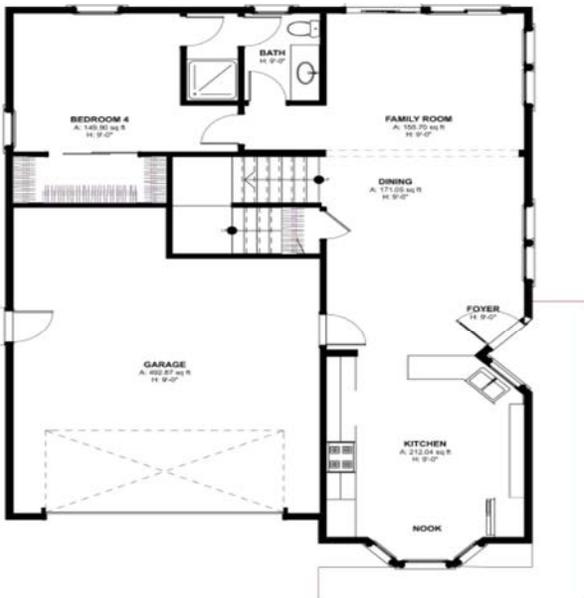


MAIN FLOOR PLAN



UPPER FLOOR PLAN

### Floor Plan #4: 4 bedrooms - 2,070 SF



MAIN FLOOR PLAN



UPPER FLOOR PLAN

**Del Paso Nuevo Phase VI**  
**Project Financial Summary**  
**Buildout Phase 1 of 5**

<b><u>Number of Homes</u></b>	<b>14</b> (10 For-Sale Homes and 4 Model Homes)		
<b><u>Affordability</u></b>	8 Homes at or below 80% of Area Median Income		
<b><u>Project Mix</u></b>	<u>Square Feet</u>	<u># of Units</u>	<u>Est. Avg. Price</u>
Plan 1 - 3 Bedrooms	1,410	3	\$ 245,000
Plan 2 - 3 Bedrooms	1,628	4	262,000
Plan 3 - 3 Bedrooms	1,754	3	270,000
Plan 4 - 4 Bedrooms	2,070	4	291,000
Total	24,284	14	\$ 3,757,000
Average	1,735		\$ 268,357
<b><u>Sources</u></b>	<u>Total</u>	<u>Per Sq.Ft.</u>	<u>Per Unit</u>
Construction Loan	\$ 2,500,000	\$ 102.95	178,571
SHRA Land Loan	280,000	\$ 11.53	20,000
Developer Equity	452,577	\$ 18.64	32,327
<b>Total Sources</b>	\$ 3,232,577	\$ 133.12	\$ 230,898
<b><u>Uses</u></b>	<u>Total</u>	<u>Per Sq.Ft.</u>	<u>Per Unit</u>
Land	\$ 280,000	\$ 11.53	\$ 20,000
Construction Costs	1,998,861	82.31	142,776
Building, Planning, School Fees	303,601	12.50	21,686
Architecture & Engineering	110,000	4.53	7,857
Construction Loan Fees & Interest	36,000	1.48	2,571
Marketing	374,115	15.41	26,723
Site Supervision/Insurance/Equipment Rental	130,000	5.35	9,286
<b>Total Uses</b>	\$ 3,232,577	\$ 133.12	\$ 230,898
<b><u>Developer</u></b>	Del Paso Homes, Inc. John Griffin, President		

## **RESOLUTION NO. 2016 –**

### **Adopted by the Sacramento City Council**

on the date of

### **DEL PASO NUEVO PHASE VI: APPROVING THE SALE OF PROPERTY BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO TO DEL PASO HOMES, INC.; EXECUTION OF DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS; AND RELATED FINDINGS**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (Housing Authority), as successor to the Redevelopment Agency of the City of Sacramento, owns 72 finished lots located in Del Paso Nuevo Phase VI (APNs 250-0150-081 through 116 and 250-0210-081 through 116).
- B. On behalf of the Housing Authority, the Sacramento Housing and Redevelopment Agency (Agency) issued a Request for Qualifications on February 19, 2016 for a Single-Family Home Developer to complete Phase VI of Del Paso Nuevo by constructing 72 homes on the remaining lots in that phase (Project). On June 17, 2016, a development team led by Del Paso Homes, Inc. (Developer) was selected to be awarded the Project.
- C. The Housing Authority and Developer desire to enter into Disposition and Development Agreement (DDA) to convey the Property to the Developer for the phased construction of 72 single-family homes with a minimum of 51 percent of the new homes are to be sold at affordable prices to low-income families earning 80 percent or less Area Median Income as more specifically described in the DDA.
- D. Property will be transferred to the Developer or a related entity in phases. Each phase will require a separate Seller Carry-back Note (Note) payable to the Housing Authority. The total loan amount for all 72 lots will be One Million Four Hundred Forty Thousand Dollars (\$1,440,000), the fair market value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed less additional demolition and subdivision repair costs incurred by the Developer. The prorated purchase price per lot will be Twenty Thousand Dollars (\$20,000). Each separate Note will correspond to the fair market value of the parcels being released for the phased construction of the project.
- E. The Developer will use a combination of cash equity and private financing to complete the phased construction of these homes over a period of three to six years.
- F. A Mitigated Negative Declaration was adopted pursuant to the California Environmental Quality Act (CEQA) for the Del Paso Nuevo Project, and there are no new circumstances that warrant subsequent environmental review. Therefore, no further action under CEQA is required.

- G. A finding of No Significant Impact was made pursuant to the National Environmental Policy Act (NEPA) for the Del Paso Nuevo Project, and there are no new circumstances that warrant subsequent environmental review. Therefore, no further action under NEPA is required.
- H. A report under Health and Safety Code Section 33433 (Section 33343 Report) has been prepared and is attached hereto as Exhibit A, and is filed with the Agency Clerk and made available for public review pursuant to Section 33433. Proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

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

- Section 1. All of the evidence having been duly considered the facts as presented and stated above, including the environmental facts, are found to be true and correct and are hereby adopted.
- Section 2. The sale of the Property by the Housing Authority of the City of Sacramento for the phased construction and sale of new single-family homes is consistent with the Implementation Plan for the Del Paso Heights Redevelopment Plan that encourages infill development, enhancing and preserving existing neighborhoods, and expanding affordable housing opportunities in a mixed income development.
- Section 3. The City Council approves the phased sale of the Housing Authority Property to the Developer for the Project pursuant to the terms of the DDA and finds that consideration for the Property is not less than its fair market value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed less additional demolition and subdivision repair costs incurred by the Developer as set forth in the Section 33433 Report attached to this Resolution.

**Table of Contents:**  
Exhibit A – Section 33433 Report

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

**I. Agreement**

A copy of the Development and Disposition Agreement ("Agreement") disposing of an interest in Housing Authority of the City of Sacramento (Housing Authority) real property is attached to this Report.

**II. Summary of Terms of Disposition**

<b>HOUSING AUTHORITY'S COST OF ACQUIRING THE LAND</b>	
Purchase Price including Closing Costs, Commissions and Land Clearance	\$ 5,249,874
Improvement Costs (e.g. utilities or foundations added)	\$ 4,200,000
Other Costs	\$ 0
<b>TOTAL</b>	<b>\$ 9,449,874</b>

<b>ESTIMATED VALUE OF INTEREST CONVEYED</b>	
Value of the property determined at its highest and best use under the redevelopment plan	\$1,440,000

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$1,440,000

<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price or the total of the lease payments due to the Housing Authority under the Agreement	\$1,440,000

**III. The Disposition is for Not Less Than The Full Fair Market Appraised Value at the Use and with the Covenants and Conditions and Development Costs Authorized by the Sale.**

The primary purposes of disposition of the Housing Authority-owned Land (Property) are developing property for uses consistent with the City's Housing Element that encourages infill development, enhancing and preserving existing neighborhoods, and increasing affordable housing opportunities in a mixed income development; and elimination of blighting influences. To accomplish this, the Agreement provides that the Housing Authority will transfer its interest in the Property, at its fair market value, to the Developer upon the express condition that Developer will develop the Property for the uses described in the Agreement. The Agreement is intended to assure that the Developer will develop the Property and that the Developer is not merely speculating in land.

The Property was originally comprised of various sized parcels that were purchased at various times with a combination of funds including Del Paso Heights Low/Mod Tax Increment, Del Paso Heights Tax Increment, 2006 Del Paso Heights Taxable Bond, and CDBG funds. The majority of the various funding sources used required that the land be disposed of for market value. The amount paid protected the affordability covenants and ensured continued compliance with the HUD funding used by the Housing Authority to begin development of the Del Paso Nuevo Community.

**IV. Elimination of Blight**

The Property listed in the Agreement consists of 72 vacant lots. The recommended disposition is in keeping with the City's Housing Element that encourages infill development, enhancing and preserving existing neighborhoods, and expanding affordable housing opportunities in a mixed income development. The construction of new single-family homes in Del Paso Nuevo will provide a wide array of housing choices and transportation options near jobs reducing long commutes for a balanced, healthy City. New home construction will meet current building codes incorporating improved energy efficiency and enhanced green building standards. Each home will meet Title-24 energy standards. The goal is to create a neighborhood of quality, affordable, energy efficient homes with a minimum of 51 percent sold to low-income families earning 80 percent or less of Area Median Income. There will be 17 homes regulated for 45 years and 20 homes regulated for 15 years. Completion of construction will transform long-standing vacant land into a community of new, energy efficient, affordable homes in the Del Paso Heights area of the City of Sacramento.

## **RESOLUTION NO. 2016 –**

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

on date of

### **DEL PASO NUEVO PHASE VI: APPROVING THE SALE OF HOUSING AUTHORITY PROPERTY TO DEL PASO HOMES, INC.; EXECUTION OF DISPOSITION AND DEVELOPMENT AGREEMENT, SELLER CARRY BACK LOAN AGREEMENTS, AND RELATED DOCUMENTS AND AGREEMENTS; AND RELATED FINDINGS**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (Housing Authority), as successor to the Redevelopment Agency of the City of Sacramento, owns 72 finished lots located in Del Paso Nuevo Phase VI (APNs 250-0150-081 through 116 and 250-0210-081 through 116).
- B. On December 6, 2016, a properly noticed public hearing in accordance with California Health & Safety Code §33431 was held by the Sacramento City Council and the Housing Authority of the City of Sacramento meeting at which the 33433 Report and the sale of the property were approved.
- C. On behalf of the Housing Authority, the Sacramento Housing and Redevelopment Agency (Agency) issued a Request for Qualifications on February 19, 2016 for a Single-Family Home Developer to complete Phase VI of Del Paso Nuevo by constructing 72 homes on the remaining lots in that phase (Project). On June 17, 2016, a development team led by Del Paso Homes, Inc. (Developer) was awarded the Project.
- D. The Housing Authority and Developer desire to enter into Disposition and Development Agreement (DDA) to convey the Property in phases to the Developer for the phased construction of a minimum of 72 single-family homes. A minimum of 51 percent of the new homes are to be sold at affordable prices to low-income families earning 80 percent or less than the Area Median Income, as more specifically described in the DDA. The goal of the Project is to increase the community's supply of affordable housing and is consistent with Implementation Plan housing production requirements for the Del Paso Heights Redevelopment Project Area.
- E. Property will be transferred to the Developer or a related entity in phases. Each phase will require separate Seller Carry-back Loans payable to the Housing Authority. The total purchase price and loan amount for all 72 lots will be One Million Four Hundred Forty Thousand Dollars (\$1,440,000), the appraised fair market value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed less additional demolition and subdivision repair costs incurred by the Developer. The prorated purchase price per lot will be Twenty Thousand Dollars (\$20,000). The Developer will use a combination of

cash equity, and private financing to complete the phased construction of these homes over a period of three to six years.

- F. A Mitigated Negative Declaration was adopted pursuant to the California Environmental Quality Act (CEQA) for the Del Paso Nuevo Project, and there are no new circumstances that warrant subsequent environmental review. Therefore, no further action under CEQA is required.
- G. A finding of No Significant Impact was made pursuant to the National Environmental Policy Act (NEPA) for the Del Paso Nuevo Project, and there are no new circumstances that warrant subsequent environmental review. Therefore, no further action under NEPA is required.

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

- Section 1. All of the evidence having been duly considered, the facts, including the environmental review facts, as stated in the Background above are found to be true and correct and are hereby adopted.
- Section 2. The Housing Authority's sale of the Property for construction and sale of new single-family homes is found to be consistent with the Implementation Plan for Del Paso Heights Redevelopment Plan and will assist in the elimination of blight and increase the community's supply of low- and moderate income housing available at affordable housing cost, as stated in the previously approved 33433 Report.
- Section 3. As established in the previously approved 33433 Report, the consideration for the Housing Authority's conveyance of the Property to Developer is the found to be not less than the appraised fair market value at the use and with the covenants and conditions and costs of Developer's obligations under the Disposition and Development Agreement (DDA) at the fair market value of the Property of One Million Four Hundred Forty Thousand Dollars (\$1,440,000) in the form of separate Seller Carry-back Loans corresponding to each phase of lots transferred as established in the 33433 Report and the DDA.
- Section 4. The Executive Director, or her designee, is authorized to enter into and execute the DDA, Seller Carry-back Loans, all other documents and agreements as approved to form by Agency Counsel, as well as perform other actions necessary to ensure proper repayment of the Housing Authority funds including, without limitation, extensions and restructuring of loans consistent with the Housing Authority adopted policy and with this resolution.
- Section 5. The Housing Authority finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, the Executive Director, or her designee, is authorized to subordinate the Housing Authority loans to the senior construction loan.

**Table of Contents:**

Exhibit A – DDA

Exhibit B – Loan Agreement

NO FEE DOCUMENT:

Entitled to free recording  
per Government Code 27383.

When recorded, return to:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO  
801 12th Street - 4<sup>th</sup> Floor  
Sacramento, CA 95814  
Attn: Anne Nicholls

**DISPOSITION AND DEVELOPMENT AGREEMENT**

DEL PASO NUEVO VI (72 FINISHED LOTS)  
DEL PASO HEIGHTS NEIGHBORHOOD

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

DEL PASO, INC.

December 7, 2016

## **DISPOSITION AND DEVELOPMENT AGREEMENT**

Del Paso Nuevo VI  
Del Paso Heights Neighborhood

THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, and DEL PASO HOMES, INC. also called Agency and Developer, respectively, enter into this Disposition and Development Agreement, also called DDA, as of December 7, 2016. For purposes of this Agreement, the capitalized terms shall have the meanings assigned in Section 17.

### **RECITALS**

- A. Agency is the owner of real property located at Del Paso Nuevo VI in the City of Sacramento, State of California, more particularly described in the Property Description (Exhibit 1: Legal Description (Property)).
- B. The Property is located in the Del Paso Heights Neighborhood Redevelopment Project Area and is subject to the redevelopment plan for the Project Area. Further, Developer acknowledges that Developer is purchasing the Property from Agency which is a Redevelopment Agency formed and acting under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and that this document is governed by the Community Redevelopment Law. This DDA is consistent with, and furthers, the former Redevelopment Plan and the "Implementation Plan" adopted for the Project Area in that it meets the following implementation plan goals: contributing to the provision of standard housing for all families presently residing in Del Paso Heights by constructing new housing, at least fifty-one percent (51%) of which shall be affordable to low-income households and the elimination of blighting factors.
- C. The primary purpose of this DDA is to increase the community's supply of housing, especially affordable housing and the elimination of the following blighting influences: low values and impaired investment, low property values, inadequate public infrastructure, improper parcelization and obsolete uses or parcels. In order to accomplish such purpose, the DDA provides that the Agency will transfer the Agency's interests in the Property, in phases, to Developer upon the express condition that Developer will redevelop the Property, in phases, for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property on a phased basis, and Agency desires to sell the Property, in phases, for development of 72 new single family homes 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, in phases to Developer solely for the purpose of developing the Project. The Project shall be the following: Phased construction of new single family homes on seventy-two (72) finished lots consistent with the Special Planning District Development Guidelines for Del Paso Nuevo and pursuant to the Scope of Development, attached hereto and incorporated herein as Exhibit 2. A minimum of fifty one percent (51%) of the newly constructed houses are to be sold to owner-occupants having a household income of eighty percent (80%) or less of the Area Median Income, as established by the United States Department of Housing and Urban Development (HUD).
3. **PURCHASE AND SALE.** Agency agrees to sell and Developer agrees to purchase the Property in Phases subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreements to be executed by the Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.
4. **PURCHASE PRICE.** The Purchase Price for each Phase shall be a fair market value amount equal to Twenty Thousand Dollars and No Cents (\$20,000.00) for each lot in that phase, and the total fair market value purchase price for all 72 lots that constitute the Property shall be One Million Four Hundred Forty Thousand Dollars and No Cents (\$1,440,000.00). For purposes of illustration, if Agency is to release a Phase of 15 lots, Developer shall pay to Agency the sum of Three Hundred Thousand Dollars and No Cents (\$300,000.00), (i.e., 15 lots multiplied by \$20,000.00 each). The purchase price for each Phase shall be paid pursuant to the Promissory Note of the Acquisition Loan Agreement (Seller Carry-Back Loans), all in accordance with the Funding Agreement.
  - 4.1. **ESCROW.** Each Phase will be subject to its own escrow, which shall be conducted and close pursuant to escrow instructions agreed upon by the parties as to each Phase. With respect to the first Phase, Developer and Agency have opened, or within ten (10) days after the Effective Date, shall open, the Escrow account subject to the provisions of the Escrow Instructions. Agency and Developer shall execute and deliver the Escrow Instructions to Title Company within ten (10) days after the Effective Date.

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

4.2.1. Developer 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.

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

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

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

**4.3. CONDITIONS TO DEVELOPER'S PERFORMANCE.** Developer's obligation to perform under this DDA is subject to satisfaction of all of the following conditions:

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

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

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

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

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

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

a) Agency has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the

Property are in violation of any applicable laws regarding Hazardous Substances, or informing Agency that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property.

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

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

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

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

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

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

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

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

a) Developer 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 Developer closes Escrow for the acquisition of the Property, Developer shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses.

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

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

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

e) Developer has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. Developer represents that any equity and funding commitments represented by Developer to Agency as available to the Project are unencumbered and that Developer 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 Developer; are binding obligations of Developer; and do not violate the provisions of any agreements to which Developer is a party.

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

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

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

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

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

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

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

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

**4.4.5. CLOSE OF ESCROW.** In each Phase, the Escrow shall not close, and the portion of the Property in that Phase shall not be conveyed to Developer unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow. The Escrow shall close on or about the date shown on the Schedule of Performances.

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

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

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

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

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

**5. AGENCY FUNDING.** The Agency shall provide funding for the Project as provided in the Funding Agreement to extent that Agency will provide a seller carry back loan for each finished

lot in each Phase of the Project. All terms regarding Agency funding are in the separate Funding Agreements, including without limitation, the source and use of funds.

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

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

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

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

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

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

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

6.5.2. **AGENCY DISAPPROVAL.** If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, 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, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

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

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

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

a) Material changes in the layout, elevation design, functional utility or square footage.

b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c) Any change that reduces the effectiveness of any mitigation measure required for CEQA approval of the Project.

d) Material changes in site development items for the Property that are specified in the Final Plans.

e) Material changes in quality of project or landscaping materials.

f) Any change in public amenities specified in the Final Plans.

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

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

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

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

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

**7.2. CONSTRUCTION CONTRACTS.** Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any

part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is reverted in the Agency pursuant to Section 13.1, Developer shall assign all rights under the construction contracts to Agency.

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

**7.4. ART IN PUBLIC PLACES 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.

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

**7.6. LOCAL, STATE AND FEDERAL LAWS.** The Developer shall assure that the construction of the Project is carried out in conformity with all applicable laws and regulations, including all applicable federal and state labor standards. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, Developer shall 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. Developer shall permit only persons or entities which are duly licensed in the State of California, County of Sacramento and City of Sacramento, as applicable, to perform work on or for the Project.

**7.7. PREVAILING WAGES.** Agency is conveying the finished, vacant lots at the lots fair market value as determined by an appraisal. Therefore, absent any public subsidies or public funding, this fair market rate transaction does not by itself require the payment of state prevailing wages. Developer and Contractor have had the opportunity to 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. Developer and Contractor

have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project, or any of its phases, by Developer or Contractor or both of them.

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

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

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

**7.9.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS.** The contract requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project consistent with Section 3 of the HUD Act of 1968 and the Del Paso Homes Workforce Development Plan attached hereto as Exhibit 6. Compliance with the requirements of this Section 7.10.2 as presented in Exhibit 2 must be satisfied for each phase identified in the Scope of Development.

**7.9.3. ADVERTISING.** Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, gender identity or sexual orientation, sex, marital status, national origin, ancestry, language proficiency familial status, medical condition or disability.

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

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

7.11. **AGENCY ACCESS TO THE PROPERTY.** Developer 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.

7.12. **PROJECT SIGN.** If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "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.

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

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

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

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

**7.15. NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS.**

Developer shall assure notification of the Project contractors, architects and engineers for the Project of the requirements of this DDA. Developer shall include, where applicable, the provisions of this DDA in construction contracts, subcontracts, materials and supplies contracts and services and consulting contracts for the Project, and Developer shall undertake the enforcement of such provisions.

**7.16. PROPERTY CONDITION.** Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations. 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 Developer 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.

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

**7.18. HAZARDOUS SUBSTANCES.** Agency has obtained a Phase I assessment, and has delivered them to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed Twenty-Five Thousand Dollars (\$25,000), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties

delivered pursuant to or in furtherance of this DDA. Developer shall bear the costs related to such remediation.

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

**8. 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. Agency and Developer acknowledge and agree that there are no eligible residents or tenants on the vacant finished lots.

**9. DEVELOPMENT FINANCING.** Except as specifically provided in this DDA, Developer shall be responsible for and shall pay all costs of developing each phase of the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the sites included in the first phase and each subsequent phase of the Project to Developer, Developer shall provide the Agency with a complete and firm Project budget covering the phase of the Project being conveyed 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. In addition, prior to each phase of the Project, Developer shall provide evidence, satisfactory to the Agency, of the additional required construction and permanent financing to complete the phase being conveyed. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for any phase of 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.

**9.1. EVIDENCE OF AVAILABLE FUNDS.** Unless otherwise approved by the Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 9.3); (b) firm and binding loan commitments (as provided in Section 9.2) 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, Developer shall provide all additional information requested by the Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

**9.2. COMMITMENT AND LOAN REQUIREMENTS.** As a material obligation under this DDA, Developer shall assure that the loan documents for each phase of 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 Developer'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 each phase of the Project funds that are different from those approved by Agency. The Agency may also reject any commitment that requires changes to the phases of 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.

**9.3. EVIDENCE OF DEVELOPER EQUITY.** Unless otherwise agreed in writing by the Agency, Developer may provide evidence of equity required by the construction to complete each phase 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 Developer; (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 Developer obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. Developer 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 Developer profit or fees or Developer 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.

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

Agency shall indemnify, protect and defend Developer, its officers, directors, employees, and agents, and hold them harmless from any and all liability, costs, fees, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to 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.

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

This indemnification provision shall survive the termination of this Agreement.

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

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

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

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

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

**12.5. PROPERTY INSURANCE.** For the duration of the Regulatory Agreements, Developer shall obtain and maintain property insurance in ISO policy form CP 10 30 - Building and Personal Property Coverage - Causes of Loss - Special Form, to the full insurable value of the Property with no coinsurance penalty (and with 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, Developer shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

**12.6. INSURANCE PROVISIONS.** Each policy of insurance required under this DDA shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of 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:

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

**12.6.2. SINGLE PROJECT INSURANCE.** It is the intent of the parties that phase of the Project have the specified insurance coverages. Developer shall not provide insurance coverages that are considered in aggregate with other Projects which Developer or its Contractor might have concurrently under construction. The Agency may at its discretion permit an aggregate policy if and only if Developer or the respective Contractor or subcontractor has fully disclosed to Agency other projects which will or may be considered in aggregate with the Project, and thereafter, Developer shall immediately inform Agency 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.

**12.6.3. CERTIFIED POLICY COPY.** Developer shall provide Agency with a certified copy of each required policy of insurance. Pending delivery of the certified policy, Developer 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.”

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

12.6.5. **FAILURE TO MAINTAIN.** If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, the Agency shall have the right, but not the obligation, to purchase the insurance on Developer’s behalf, and Developer shall promptly reimburse the full cost of such insurance to the Agency. If Developer fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 12 shall be a default under this DDA (see Section 13.3, below).

12.6.6. **BLANKET COVERAGE.** Developer’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 12 with respect to such insurance shall otherwise be satisfied by such blanket policy.

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

13.1. **REVESTING TITLE IN AGENCY.** Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of the Agency, after conveyance of any phase of the Project to Developer and prior to issuance of Certificate of Completion, if Developer defaults in

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

**13.1.1. RESALE OF REACQUIRED PROPERTY.** Upon the 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 Agency, Housing Authority Law and former Redevelopment Plan and the Community Redevelopment Law, to a qualified and responsible party, as determined by the Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to the Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

**13.1.2. AGENCY REIMBURSEMENT.** Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Property (but less any net income derived by Agency from the Property after such re-vesting); 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 re-vesting or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing the Agency by the Developer.

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

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

**13.2. LIQUIDATED DAMAGES.** IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF DEVELOPER, AGENCY SHALL BE RELEASED FROM AGENCY'S OBLIGATION TO SELL THE PROPERTY TO DEVELOPER, AND AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW. IF THE PROPERTY HAS BEEN CONVEYED TO DEVELOPER, DEVELOPER HAS COMMITTED A DEFAULT SUFFICIENT FOR REVESTMENT OF THE PROPERTY UNDER SECTION 13.1, AND DEVELOPER HAS NOT VOLUNTARILY RECONVEYED THE PROPERTY TO AGENCY, AGENCY MAY REVEST THE PROPERTY OR TAKE ANY AVAILABLE ACTION TO RECONVEY THE PROPERTY TO THE AGENCY. IN SUCH EVENT, AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW OR EQUITY; PROVIDED, HOWEVER, THAT, BY INITIALING THIS SECTION, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT THAT DEVELOPER FAILS TO PURCHASE THE PROPERTY: (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES RELATED TO THE FAILURE TO PURCHASE THE PROPERTY; COSTS TO OBTAIN RECONVEYANCE OF THE PROPERTY TO AGENCY; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO AGENCY ON ACCOUNT OF THE FAILURE TO PURCHASE THE PROPERTY AND FOR AGENCY COSTS TO OBTAIN RECONVEYANCE OF THE PROPERTY (WITHOUT LIMITING AGENCY'S RIGHTS TO RECOVERY DAMAGES OR SEEK ANY OTHER REMEDY FOR ANY OTHER DEFAULT UNDER THIS DDA OR ITS CONSTITUENT DOCUMENTS); (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO AGENCY SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF AGENCY FOR THE FAILURE OF DEVELOPER TO PURCHASE THE PROPERTY; (D) AGENCY MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO AGENCY AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

\_\_\_\_\_ Developer's Initials  
\_\_\_\_\_ Agency's Initials

**13.3. 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.

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

**13.5. 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.

**14. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS.** Before issuance of a Certificate of Completion, if Developer 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 Developer may obtain a Loan and encumber the Property as security for the Loan, which security shall have priority over any security interests Agency may have in the Property or any part thereof, without affect to this DDA and the Regulatory Agreement, 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, Developer 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.

**14.1. NOTICES.** If the Agency gives any notice of default to Developer under this DDA, the Agency shall contemporaneously give a copy of such notice to each Lender 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 Developer. 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 December 7, 2016 between the Housing Authority of the City of Sacramento and **Del**

**Paso Homes, Inc.** (“DDA”). Lender requests, in accordance with the DDA, that if any default notice shall be given to Developer under the DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

**14.2. ASSIGNMENTS AND TRANSFERS OF THE LOAN.** Agency shall not be bound to recognize any assignment of Lender’s 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.

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

**14.4. LENDER'S OPTION TO CURE DEFAULTS.** After any default of Developer'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 Developer, 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 Developer; 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, Developer'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 Developer's failure to cure any default with respect to the construction of the Project on other parts of the Property, or because of any other default of the DDA by the Developer shall not apply to the part of the Property to which such Certification relates. Nothing in this Section shall be deemed to limit, modify or release any claim or remedy that the Agency may have against the Developer for such default.

**14.5. DEFAULT BY DEVELOPER.** In the event of a default by Developer, 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.

**14.5.1.** 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 Developer; (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.

14.5.2. From and after the cure of such Developer 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 Developer during any period of such forbearance.

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

14.7. **MODIFICATIONS.** No modification or amendment to the DDA which materially and adversely affects the Lender's 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.

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

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

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

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

15.1. **REGULATORY AGREEMENT-PROJECT.** The Regulatory Agreement in the form of Exhibit 4. The Regulatory Agreements set out certain provisions of this DDA which shall survive the completion of the Improvements.

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

16.1. **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.

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

Agency with respect to any other defaults by Developer under this Section or with respect to the particular default except to the extent specifically waived in writing.

**16.3. 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.

**16.4. 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.

**16.5. 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.

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

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

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

**16.9. 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.

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

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

16.12. **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:

16.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the City of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Development Department.

b) Developer: Del Paso Homes, Inc., 4120 Douglas Boulevard #306-375 Granite Bay, CA 95746, Attention: John Griffin.

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

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

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

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

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

16.13. **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.

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

17.1. "Agency" is the Housing Authority of the City of Sacramento. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authority 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 Housing Authority of the City of Sacramento 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.

17.2. "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.

17.3. "Certificate of Completion" is the certificate issued by the Agency certifying Developer's completion of the Project and termination of the revestment provisions. Such Certificates will be issued

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

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

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

17.7. "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.

17.8. "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.

17.9. "Developer" is Del Paso Homes, Inc., a California corporation. The principal office of the Developer is located at 533 Hayes Avenue, Sacramento, CA 95838. The principals of Developer are John and Lisa Griffin.

17.10. "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.

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

17.12. "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.

17.13. "Funding Agreement" is the document that states the terms of Agency Funding consisting of a "seller carry-back" loan for the vacant, finished lots to be conveyed herein for the new construction of the homes contemplated by this DDA.

17.14. "Grant Deed" is the grant deed for the transfer of the Property to Developer under this DDA. The Grant Deed contains covenants that run with the land, easements and a reverter provision. The Grant Deed is attached as Exhibit 5.

17.15. "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.

17.16. "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.

17.17. "Phase" shall mean lots will be transferred and homes will be constructed in phases. Construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least 80% of those homes have been sold subject to compliance with the requirements of Exhibit 2.

17.18. "Plans" are the Project designs and elevations, prepared by the Project architect Studio 81 (Kerrin West) and dated October 14, 2016 through October 16, 2016 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.

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

17.20. "Project Area" is the Del Paso Heights Neighborhood Area, as defined in the former Redevelopment Plan for Del Paso Heights.

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

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

17.23. “Purchase Price” is the purchase price for the Property as set out in Section 3.

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

17.25. “Regulatory Agreement” is the agreement or agreements, which setting out the certain provisions of this DDA that shall survive the completion of the Project.

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

17.27. “Scope of Development” is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 3: Scope of Development**.

17.28. “Title Company” is Placer Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 2901 K Street, Suite 390, Sacramento, CA 95816.

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

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

**DEVELOPER : DEL PASO HOMES, INC.  
A CALIFORNIA CORPORATION**

**AGENCY: HOUSING AUTHORITY OF THE  
CITY OF SACRAMENTO, A PUBLIC BODY,  
CORPORATE AND POLITIC**

By:

\_\_\_\_\_

John Griffin, President

By:

\_\_\_\_\_

La Shelle Dozier, Executive Director

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

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

Approved as to form:

Approved as to form:

\_\_\_\_\_

Developer Counsel

\_\_\_\_\_

Agency Counsel

**EXHIBIT 1: Property Description**

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

Lots 1 through 72, and Lots A through H, as shown on the “Final Map of Del Paso Nuevo Phase 6”, filed June 19, 2014, in Book 383 of Maps, at page 2001, records of said County.

A.P.N. 250-0150-081 through 116

A.P.N. 250-0210-081 through 116

**EXHIBIT 2: Schedule of Performances**

	Task	Target Dates
1	If construction activities (including grading) are scheduled to occur between March 1 and September 15, a two-phase pre-construction survey (at intervals of 30 days prior to, and 14 days prior to, commencement of construction activities) of areas within ¼ mile of the site shall be performed by a qualified raptor biologist (acceptable to the City and Department of Fish and Game, and funded by the Developer in accordance with the Mitigation Requirements provided in Exhibit 3 - Scope of Development.	See Task
2	Approval of Building Permits	03/31/2017
3	Construction Start – Four Models, 10 For-Sale	03/31/2017
4	Construction Completion	08/31/2017
5	Sale of All 10 For-sale Homes in 1 <sup>st</sup> Phase	08/31/2017
6	Construction Start – Next 15 homes	09/01/2017
7	Construction Completion – 2 <sup>nd</sup> Phase	01/31/2018
8	Sale of All Homes in 2 <sup>nd</sup> Phase	01/31/2018

- Mutually acceptable Schedules of Performances will be established for all subsequent phases prior to release of each subsequent phase.
- Target Dates represent the dates by which each task is anticipated to be completed and assumes prompt execution of loan documents and no unanticipated delays in the permit or construction processes. These dates may be extended at the discretion of the Agency upon mutual written agreement.
- Construction of all 72 homes in Del Paso Nuevo Phase VI must be completed within six years of the effective date of the Disposition and Development Agreement at which time the agreement will be terminated, unless the term is extended an additional year upon mutual written agreement between the Agency and Developer and prior to the termination date.

### **EXHIBIT 3: Scope of Development**

Housing mix will consist of two, three and four bedroom homes ranging in size from approximately 760 square feet to 2,070 square feet. A minimum of four floor plans, four elevations and eight color schemes will be provided. All homes are to include two-car garages and two bathrooms, with the exception of the two-bedroom homes. There will be a maximum of five two-bedroom homes constructed. All homes are to include features and amenities as provided in the proposal, and all representations and information supplied by the Developer for the Project. Developer will construct and shall maintain a model home complex with four model homes that represent each floor plan being constructed.

A minimum of 51% of all of the units shall be sold at affordable prices to families earning no more than 80% of the Sacramento Metropolitan Statistical Area median income (AMI), as determined annually by the Federal Department of Housing and Urban Development. For purposes of this agreement, an affordable housing price shall be deemed to be a price for which the monthly payments for principal, interest, taxes, insurance, and HOA (HOA, if applicable) and/or other property assessments do not exceed thirty-five percent (35%) of the income of a family earning not more than 80% of the AMI as previously defined, as adjusted for family size appropriate to the size and number of bedrooms in the unit.

Developer will construct a minimum of 72 homes, including the four model homes, on the 72 finished lots in Del Paso Nuevo Phase VI. Of the 72 homes constructed, a minimum of 51% (37 homes) will be sold as affordable homes previously described. Of these 37 affordable homes, a total of 17 will be regulated for 45-years and 20 will be regulated for 15-years. With the exception of the model homes which may or may not eventually be sold at market prices as non-regulated units, regulated and market rate homes will at all times be constructed in proportion to each other. Lots will be transferred and homes will be constructed in phases. Construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least 80% of those homes have been sold.

There will be five phases to complete the construction of 72 homes in Del Paso Nuevo VI. Each phase will include a mix of each housing type and the 37 affordable homes will include a mix of each housing type. The first two phases are currently identified as follows:

Phase 1: Fourteen Lots: Lot # 41, 42, 43, 44, 57, 58, 59, 60, 61, 62, 63, 64, 65 and 66.  
This phase will include 14 parcels which will contain four model homes, 10 for-sale homes. A minimum of eight (8) of the 14 homes constructed on these lots will be affordable to low-income families. Of these eight, a minimum of four (4) must be regulated for 45-years and the balance will be regulated for 15-years.

Phase 2: Fifteen Lots: Lot # 8, 9, 10, 11, 12, 13, 14, 29, 30, 31, 32, 33, 34, 35 and 72.  
This phase includes 15 for-sale homes. There will be a minimum of eight (8) homes affordable to low-income families. Of these eight, a minimum of four (4) must be regulated for 45-years and the balance will be regulated for 15-years.

Subsequent lots will be released in phases of up to 15 parcels per phase as described above depending on market conditions (demand and absorption) at the time of release and as mutually agreed upon by Agency and Developer. Upon written request by Developer, additional parcels may be released per phase in subsequent phases subject to review and written approval by Agency.

## **Mitigation Measures**

The following Mitigation Measure are incorporated into the Project in order to avoid or substantially reduce the Projects significant impact on the environment.

### **Measure #1 – Cultural Resources:**

- 1a. Foremen and key members of major excavation, trenching, and grading crews for site preparation shall be instructed to be wary of the possibility of destruction of buried cultural resource materials. They shall be instructed to recognize signs of prehistoric use and their responsibility to report any such finds (or suspected finds) immediately – so damage to such resources may be prevented.*
- 1b. Should any unanticipated cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, or architectural remains be encountered during any development activities, all work within 20 meters of the find shall be suspended and the SHRA shall be contacted immediately and shall consult with Shingle Springs Rancheria and other interested Tribes. A qualified archaeologist shall be consulted to develop, if necessary, further mitigation measures to reduce the loss of archaeological resources before construction continues.*
- 1c. If human remains are discovered, State Health and Safety Code Section 7050.5 states that further disturbances and activities shall cease in any area or nearby area suspected to overlie remains, and the County Coroner will be contacted. If human remains of Native American origin are discovered during project construction, it is necessary to comply with state laws relating to the disposition of Native American burials, which fall within the jurisdiction of the Native American Heritage Commission (NAHC; Public Resources Code (PRC) Section 5097). If any human remains are discovered or recognized in any location other than a dedicated cemetery, there shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until:
  - 1) The County Coroner has been informed and has determined that no investigation of the cause of death is required*
  - 2) If the remains are of Native American origin,
    - a. The descendants of the deceased Native Americans have made a recommendation to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in PRC Section 5097.98, or*
    - b. The NAHC was unable to identify a descendant or the descendant failed to make a recommendation within 24 hours after being notified by the commission.***

*According to California Health and Safety Code, six or more human burials at one location constitute a cemetery (section 8100) and disturbance of Native American cemeteries is a felony (section 7052). Section 7050.5 requires that construction or excavation be stopped in the vicinity of discovered human remains until the coroner can determine whether the remains are those of a Native American. If the remains are determined to be Native American, the coroner shall contact the California NAHC.*

## **Mitigation Measure #2 – Swainson’s Hawks:**

2a. *If construction begins outside the March 1 to September 15 nesting cycle season, preconstruction surveys, or other mitigation for active Swainson’s hawk nests, are not necessary. Or,*

2b. *If construction activities (including grading) are scheduled to occur between March 1 and September 15, a two-phase pre-construction survey (at intervals of 30 days prior to, and 14 days prior to, commencement of construction activities) of areas within ¼ mile of the site shall be performed by a qualified raptor biologist (acceptable to the City and Department of Fish and Game, and funded by the Developr). Based on the results of this survey, the following measures will be implemented:*

- 1) *If no active Swainson’s hawk nests are found, no further actions are required. Nests of the year (those nests determined to be active Swainson’s hawk nests) will be considered inactive if young have fledged (usually during July) or the nesting effort is abandoned due to other factors not associated with this project, and no further action will be required after these events.*
- 2) *If an active Swainson’s hawk nest is found within ¼ mile of the project site but not in a direct line of sight to the project site, the biologist shall observe the birds for one week, recording any observable responses to potentially disruptive stimuli (e.g., loud noises, other construction projects, disturbance from humans). Considering these observations, the biologist shall make an assessment of whether or not project construction poses a substantial risk of disrupting the nesting effort. If the assessment is that the risk is not substantial, the biologist’s report shall be forwarded to the City and Department Fish and Game. Construction may begin upon approval by Department of Fish and Game. If the assessment is that the risk is substantial, then monitoring as described below in 3) shall be performed.*
- 3) *If an active Swainson’s hawk nest is found within ¼ mile of the site and in a direct line of sight to the project site, then the biologist shall observe the nest as long as it is active and whenever construction is proceeding, recording any observable responses to potentially disruptive stimuli (e.g., loud noises, other construction projects, increases in construction activities). These observations shall occur daily during the first week, tapering off to weekly observations. If construction activities increase, the frequency of observations should increase correspondingly.*

*If at any time after the first month of monitoring, the biologist finds that the birds are exhibiting no significant reactions indicating the construction poses a substantial risk of nest disruption, the biologist shall prepare a report documenting those conclusions with a recommendation to stop monitoring or reduce the intensity of monitoring. The report shall be forwarded to the City and Department of Fish and Game. The recommendation shall be adopted upon approval by Department of Fish and Game.*

*During the construction period (until September 15 or fledging), unless other recommendations have been adopted per the preceding paragraph, the Developr shall allow the biologist to stop any contractor’s work causing adverse reaction by a Swainson’s hawk (e.g., startle, flushing). Any work on the project site may continue as long as the biologist sees that the birds are not exhibiting an adverse reaction to that type of work.*

*Weekly reports during the first month, and as needed thereafter, shall be submitted to the City and Department of Fish and Game while the above monitoring is underway, and either agency may observe the biologist’s work in the field at any time.*

### **Mitigation Measure #3 – Heritage Trees**

*3a Heritage trees identified by the City Arborist (listed in the Arborist Report in Attachment A as numbers 191 and 192), shall be preserved to the extent feasible without substantially altering the project site plan. The project applicant/developer shall coordinate with the City of Sacramento Urban Forest Services Division to identify any trees to be preserved. If trees are identified for preservation, the applicant/developer shall coordinate with the Urban Forest Services Division in preparation of a preservation plan for any and all trees identified for preservation. The preservation plan shall include, but not be limited to the following measures to prevent impacts to the trees during construction of the proposed project:*

- 1) The contractor shall hire an International Society of Arboriculture (ISA) certified arborist to perform any required pruning for equipment clearance. The contractor shall contact the City Arborist (Duane Goosen, 808-4996) for a root inspection(s) for trenching activities within the dripline(s) of trees to be saved.*
- 2) If during excavation for the project, tree roots greater than two inches in diameter are encountered, work shall stop immediately until the City Arborist can perform an on-site inspection. All roots shall be cut clean and the tree affected may require supplemental irrigation/fertilization and pruning as a result of the root cutting. The contractor will be responsible for any costs incurred. Depending upon the amount of roots encountered and the time of year, wet burlap may be required along the sides of the trench.*
- 3) The contractor shall be held liable for any damage to existing trees, i.e. trunk wounds, broken limbs, pouring of any deleterious materials, or concrete washout under the dripline of the trees. Damages will be assessed using the "Guide to Plant Appraisal" eighth edition, published by the International Society of Arboriculture. An appraisal report shall be submitted for review by the City Arborist.*
- 4) Tree protection methods noted above shall be identified on all construction plans for the project.*

*3b For Heritage Trees (listed in the Arborist Report as numbers 4, 5, 39 and 79) that are unable to be preserved, prior to removal of these trees, the project applicant/developer shall coordinate with City of Sacramento Urban Forest Services Division to obtain the necessary permits for removal of the trees in accordance with the Heritage Tree Ordinance (City Code 12.64). The City Arborist has calculated a mitigation value that totals \$27,787 for the removal of all trees (85.5 inches dbh x \$325/inch = \$27,787). This value would be used to provide planting and care of replacement trees. If some trees can be saved, this value will be reduced by the value of the tree to be saved as provided by the City Arborist. Additionally, the Landscape Plan may provide on-site mitigation, which will be credited at a rate of \$325 per planted 15 gallon tree subject to the following City of Sacramento Urban Forest Services conditions:*

- mitigation planting is limited to separated sidewalk planters*
- irrigation design and programming reviewed and approved by Urban Forest Services*
- review and approval of species by Urban Forest Services*
- inspection of nursery stock (prior to planting) by Urban Forest Services*
- post-planting inspection by Urban Forest Services*

## Attachment A: Arborist Report



### Fallen Leaf Tree Service INCORPORATED

October 14, 2009

Jeff Townsend  
Jacobs Engineering  
180 Promenade Circle Suite 300  
Sacramento, CA 95834

Re: Arborist Report – Del Paso Nuevo Phase 6 Arborist Report

Dear Mr. Townsend,

Thank you for choosing Fallen Leaf Tree Services, Inc. to provide consulting arboricultural services. As requested, I visited the site of the planned development for Del Paso Nuevo Phase 6 to create an inventory and arborist report of the existing trees. The majority of the trees on site are over-mature. There are a great many trees standing dead on site. My specific findings, recommendations and a site overview are contained in the attached report.

**Data Collected:**

Data collected was similar for the trees surveyed. The following information was collected:

**Number:**

Each tree was tagged with a unique number in the location that I believed to be the most discrete. Tags are usually located on the north at 6 ft., but there was a great deal of variation on this site to make the tags less noticeable.

**Name:**

The botanical and common name of each tree is stated.

**Trunk Diameter/Drip Line Radius:**

Diameter at standard height. The trunk diameter is taken at 4½ feet above ground or at the narrowest point on the trunk between the ground and the lowest primary limb. If the tree has more than one trunk, it is denoted as "multi" and the sum of the trunks are adjusted to reflect the adjusted trunk area as recommended in the *Guide for Plant Appraisal*, 9<sup>th</sup> Ed. Drip Line Radius is the number of feet from the trunk to the farthest reaching limb.

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**Drip Line Environment:**

The ground within the drip line radius. Things of note in this category include utilities, overhead power lines, benches, ground cover, rooting area, etc. Everything within the drip line radius impacts the tree.

**Structural Condition:**

This is one of the two most important tree conditions (the other condition is “vigor”). The two are not necessarily related. Structural condition relates to the tree’s ability to hold itself upright and remain intact.

**Vigor Condition:**

This other important tree condition relates to viability, or the ability of the tree to exhibit life.

**Construction Impacts:**

Impacts are the effects of construction on each tree or group of trees.

**Discussion/Recommendations:**

The recommendations are based upon what the tree needs to maintain or improve its vigor and/or structure. They are made without regard to whether or not the tree is to be kept in the project. Recommendation for removal is made in the case where the tree has very weak structure, vigor that cannot be corrected, or in the case where a stand of trees would benefit from selective removals.

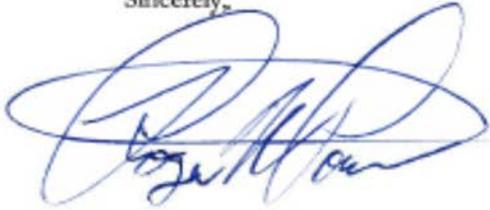
**Site Overview:**

Del Paso Nuevo Phase 6 is an infill project in Sacramento. Most of the trees on site were planted 50+ years ago, and succeeding generations have naturalized. There are several native species on site including Valley Oak (*Quercus lobata*), Blue Oak (*Quercus douglasii*), Oregon Ash (*Fraxinus latifolia*) and California Black Walnut (*Juglans hindsii*). The only trees that are protected by local ordinance are the oak trees because the site is not close enough to the river to qualify as a riparian corridor.

Many of the trees on site are nearing the end of their useful life span. A high proportion has started falling apart in pieces. Many of the fruit trees on site have lost their graft, and have reverted to their original root stock. The site has had inconsistent tree care over time. Early tree care was of very high quality, and probably occurred around 40 years ago. Tree care was inconsistent and of lower quality until approximately 20 years ago, when it appears regular structural pruning was abandoned.

If you have any questions, or if I may be of any additional service, please don't hesitate to contact us.

Sincerely,

A large, stylized handwritten signature in blue ink, likely belonging to Roger Poulson, written over a horizontal line.

Roger Poulson  
General Manager  
Fallen Leaf Tree Service, Inc.  
ISA Certified Arborist #WE-0127A  
State Contractors License #799677

Analisa Stewart  
ISA Certified Arborist # WE- 7860 A  
*Analisa Stewart*  
*by AS*

Arborist Report for Jacob Engineering, Del Paso Nuevo Phase 6

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
1	Washingtonia filifera	California Fan Palm	18 ft.	Naturalized landscape	Fair	Fair	Planned for removal	Remove skirt. Inspect annually.
2	Ulmus pumila	Siberian Elm	Multi = 12 / 15	Naturalized landscape	Poor. Stump sprouted, with multiple leaders and sunscald.	Poor -> Fair	Planned for removal	Remove and replace.
3	Quercus lobata	Valley Oak	4 / 6	Naturalized landscape	Fair	Fair, galls.	Planned for removal	Structure prune, inspect annually.
4	Quercus lobata	Valley Oak	20 / 20	Fence, gravel parking, naturalized landscape.	Poor, with barb wire girdling the main stem 100%	Fair, galls.	Planned for removal	Remove and replace.
5	Quercus douglasii	Blue Oak	14 / 15	Fence, gravel parking, naturalized landscape.	Poor -> fair with severe bark inclusions and co-dominant branching	Fair, with an above average amount of dead limbs in the canopy.	Planned for removal	Crown clean. Inspect annually.
				Tags 6, 7 & 8 were used.	Defective and were not used.			
9	Juglans hindsii	California Black Walnut	20 / 15	Naturalized landscape	Poor. On the western trunk aspect is a cavity > 50% the diameter of the trunk from 5ft. to the base.	Poor, with a significantly above average quantity of dead limbs.	Planned for removal	Remove.
10	Juglans hindsii	California Black Walnut	13 / 15	Naturalized landscape	Poor -> Fair with significant lean	Poor with a significantly above average quantity of dead limbs in the canopy and epicormic growth	Planned for removal	Remove.
11	Juglans hindsii	California Black Walnut	Multi = 10 / 10	Naturalized landscape	Poor with disk injury, and stump sprouting	Poor with a significantly above average quantity of dead limbs	Planned for removal	Remove
12	Juglans hindsii	California Black Walnut	Multi = 8 / 12	Naturalized landscape	Poor with significant decay. This tree has stump sprouted.	Fair	Planned for removal	Remove
13	Ficus carica	Edible fig		Naturalized landscape	Poor, ground spreading	Fair	Planned for removal	Remove

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/Recommendation
14	<i>Prunus domestica</i>	Edible plum	Multi = 8 / 18	Fig - Tree # 13 covers the entire ground beneath # 14 landscape	Poor. This tree has multiple leaders from the base as a result of stump sprouting.	Poor with > 40% canopy dieback.	Planned for removal	Remove
15	<i>Ficus carica</i>	Edible fig	Multi = 6 / 12	Naturalized landscape	Poor, ground spreading	Fair	Planned for removal	Remove
16	<i>Juglans hindsii</i>	California Black Walnut	Multi = 8 / 12	Naturalized landscape, barb wire.	Poor with barb wire girdling the main stem at 100%. Stump sprouting. Cavity on east >30%.	Poor -> Fair with a significantly above average quantity of dead limbs in the canopy.	Planned for removal	Remove
17	<i>Ficus carica</i>	Edible fig	10 / 12	Naturalized landscape	Poor. This tree has been topped, and has a cavity on the east >30%	Fair	Planned for removal	Remove
18	<i>Platanus x. acerifolia</i>	London Plane Tree	Multi = 16 / 18	Naturalized landscape	Poor, with a basal cavity on the west from 7ft to the base	Fair, with leaf scale and anthracnose	Planned for removal	There are 2 valley oak seedlings in the drip line less than 1 inch diameter. Remove and replace this tree.
19	<i>Punica granatum</i>	Pomegranate	Multi = 10 / 12	Naturalized landscape	Poor, multiple leaders from base	Fair with some apical dieback	Planned for removal	Remove
20	<i>Prunus domestica</i>	Cherry Tree	Multi = 3 / 1	Naturalized landscape	Poor, stump sprouted.	Fair, gummosis	Planned for removal	Remove
21	<i>Diospyros sp.</i>	Edible Persimmon	Multi = 3 / 6	Naturalized landscape	Poor -> Fair with multiple leaders	Poor -> Fair with apical dieback and leaf scale	Planned for removal	Fruit tree prune, inspect annually.
22	<i>Platanus x. acerifolia</i>	London Plane Tree	Multi = 18 / 22	Naturalized landscape	Poor -> Fair with bark injury on the east from 6ft. down to 3 ft. Northeast spar >50% dead. Co-dominant branches @ 3 ft. x 2, @ 5 ft. x 2, @ 7 ft. x 2, @ 9 ft. x 2.	Poor -> Fair, anthracnose	Planned for removal	Crown clean, assess for cables, reduce end weight.
23	<i>Juglans hindsii</i>	California Black Walnut	12 / 12	Naturalized landscape	Poor -> Fair. Co-dominant stems @ 4 ft. x 2, eastern spar is 50% dead.	Fair	Planned for removal	History of tear outs. Fruit tree prune, inspect annually.
24	<i>Fraxinus</i>	Oregon Ash	Multi = 16	Naturalized	Poor -> Fair, with	Poor, with a	Planned for	Remove

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/Recommendation
	latifolia		/ 18	landscaped	multiple leaders from base	significantly above average quantity of dead limbs in the canopy	removal	
25	Prunus domestica	Plum Tree	Multi = 6 / 8	Naturalized landscape	Poor. Multiple leaders from base, crowded.	Poor with apical dieback and epicormic growth.	Planned for removal	Remove
26	Robinia pseudoacacia	Black Locust	Grove with multiple leaders = 15 / 24	Naturalized landscape, fire hydrant	Poor -> Fair. Trees are suppressed, crowded.	Poor -> Fair with apical dieback.	Planned for removal	Select two trees to remain, remove others.
27	Prunus domestica	Plum Tree	Multi = 4 / 6	Naturalized landscape	Poor, crowded.	Poor -> Fair with some signs of pest problems.	Planned for removal	Remove
28	Fraxinus latifolia	Oregon Ash	Multi = 7 / 10	Naturalized landscape, former building footprint	Poor with form not representative of species.	Fair	Planned for removal	Remove
29	Fraxinus latifolia	Oregon Ash	Multi = 10 / 15	Naturalized landscape	Poor, with eastern spur broken and a history of branch and stem failure.	Poor -> Fair with apical dieback and a significantly above average quantity of dead limbs in the canopy	Planned for removal	Remove
30	Prunus amygdalus "dulcis"	Almond Tree	Multi = 7 / 26	Naturalized landscape	Poor with multiple stems from base	Fair	Planned for removal	Remove
31	Fraxinus latifolia	Oregon Ash	7 / 10	Naturalized landscape	Poor with multiple co-dominant stems from the base	Fair	Planned for removal	Remove
32	Quercus lobata	Valley Oak	4 / 6	Naturalized landscape	Poor -> Fair, suppressed by tree # 33, co-dominant stems	Fair	Planned for removal	Structure prune
33	Populus alba	Silver Poplar	14 / 10	Naturalized landscape	Poor with significant lean, >50% of this tree is laying dead on the ground	Poor with >70% canopy dieback	Planned for removal	Remove to promote # 32.

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
34	<i>Prunus amygdalus 'dulcis'</i>	Almond Tree	2 / 6	Naturalized landscape	Fair	Poor -> Fair suppressed	Planned for removal	Remove to promote # 32.
35	<i>Populus alba</i>	Silver Poplar	7 / 7	Naturalized landscape	Poor, suppressed.	Poor, with > 50% canopy dieback	Planned for removal	Remove to promote # 32
36	<i>Populus alba</i>	Silver Poplar	Multi = 11 / 12	Naturalized landscape	Poor, with multiple stems from the base	Poor -> Fair with significantly above average quantity of dead limbs in the canopy	Planned for removal	Remove
37	<i>Pyrus communis</i>	Edible Pear Tree	Multi = 11 / 12	Naturalized landscape	Poor with multiple stems from the base and a basal root injury on the east	Poor -> Fair with apical dieback and a significantly above average quantity of dead limbs in the canopy	Planned for removal	Remove
38	<i>Juglans hindsii</i>	California Black Walnut	Grove with multiple ldrs = 6 / 20	Naturalized landscape	Poor with multiple stems, crowded.	Poor with >30% canopy dieback, and apical dieback	Planned for removal	Remove
39	<i>Quercus lobata</i>	Valley Oak	20 / 20	Naturalized landscape, fence	Fair	Poor - Fair with epicormic growth and an above average quantity of dead limbs in the canopy	Planned for removal	Crown clean, inspect annually
40	<i>Robinia pseudoacacia</i>	Black Locust	13 / 10	Fence, naturalized landscape, power lines	Poor with included bark to base, and a basal cavity on south	Poor with > 30% canopy dieback	Planned for removal	Remove and replace
41	<i>Robinia pseudoacacia</i>	Black Locust	Multi = 18 / 15	Fence, naturalized landscape, power lines	Poor with basal cavities and significant lean	Poor with 80% canopy dieback	Planned for removal	Remove and replace
42	<i>Ailanthus altissima</i>	Tree of Heaven	28 / 25	Fence, naturalized landscape	Poor with significant white rot, trunk damage and the northeastern spar dead	Poor with > 30% canopy dieback	Planned for removal	Remove and replace
43	<i>Robinia</i>	Black Locust	16 / 15	Fence,	Poor with significant	Poor with > 30%	Planned for	Remove and replace

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
	pseudocacia			naturalized landscape, power lines	lean	canopy dieback	removal	
44	Ailanthus altissima	Tree of Heaven	7 / 9	Fence, naturalized landscape, power lines, oleander and roses	Poor, with 270 degrees of root damage. Co-dominant @ 3 ft. x 2 stems with included bark.	Fair	Planned for removal	Remove. Ailanthus is considered to be an invasive tree species, and should be taken out of the landscape before it has a chance to colonize.
45	Tree species					Standing Dead		Remove
46	Robinia pseudocacia	Black Locust	Multi = 6 / 9	Fence, naturalized landscape, prickly pear	Poor, with multiple stems from base	Poor -> Fair with sparse foliage and an above average quantity of dead limbs in the canopy	Planned for removal	Remove. This tree is overhanging from neighboring property and untagged.
47	Salix babylonica	Weeping willow	Multi = 6 / 10	Naturalized landscape	Poor, with multiple stems from the base	Poor -> Fair with sparse foliage	Planned for removal	Remove
48	Robinia pseudocacia	Black Locust	6 / 9	Fence, naturalized landscape	Poor -> Fair with co-dominant stems: @ 4 x 2, @ 6 x 2, @ 8 x 2.	Poor -> Fair with sparse foliage	Some root damage from grading	Trees 48 - 52 are overcrowded. Select one to remain. This tree is overhanging from neighboring property and untagged.
49	Tree species					Standing Dead		Remove
50	Robinia pseudocacia	Black Locust	5 / 7	Fence, naturalized landscape	Poor -> Fair with co-dominant stems @ 3 ft. x 8	Poor -> Fair with sparse foliage and an above average quantity of dead limbs in the canopy	Some root damage from grading	Trees 48 - 53 are overcrowded. Select one to remain. This tree is overhanging from neighboring property and untagged.
51	Robinia pseudocacia	Black Locust	4 / 6	Fence, naturalized landscape	Poor -> Fair with included bark	Poor -> Fair with sparse foliage and apical dieback	Some root damage from grading	Trees 48 - 53 are overcrowded. Select one to remain. This tree is overhanging from neighboring property and untagged.
52	Robinia pseudocacia	Black Locust	3 / 5	Fence, naturalized landscape	Poor -> Fair with included bark	Poor -> Fair with sparse foliage and apical dieback	Some root damage from grading	Trees 48 - 53 are overcrowded. Select one to remain. This tree is overhanging from neighboring property and untagged.
53	Robinia pseudocacia	Black Locust	5 / 7	Fence, naturalized landscape	Poor -> Fair with included bark	Poor -> Fair with sparse foliage and apical dieback	Planned for removal	Structure prune. Inspect annually.

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Arborist Report for Jacob Engineering, Del Paso Nuevo Phase 6

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
54	Robinia pseudoacacia	Black Locust	7 / 9	Fence, naturalized landscape	Poor -> Fair with included bark	Poor -> Fair with sparse foliage and apical dieback	Planned for removal	Structure prune. Inspect annually.
55	Quercus lobata	Valley Oak	16 / 15	Fence, naturalized landscape, blackberry	Fair	Poor with >50% canopy dieback	Planned for removal	This tree has damage consistent with a fire. Remove.
56	Morus alba	Mulberry Tree	Multi = 18 / 22	Naturalized landscape	Poor with 4 stems from base	Poor -> Fair with some dieback	Planned for removal	Remove
57	Ulmus pumila	Siberian Elm	Multi = 41 / 35	Naturalized landscape	Poor with geotropic growth and a history of tear outs	Poor with > 40% canopy dieback	Planned for removal	Remove
58	Ulmus pumila	Siberian Elm	Multi = 5 / 7	Power lines, fence, naturalized landscape	Poor, stump sprouted	Fair	Planned for removal	Remove
59	Tree species					Standing Dead		Remove
60	Ulmus pumila	Siberian Elm	32 / 35	Power lines, naturalized landscape	Poor -> Fair, co-dominant stems @ 2 x 2, 4 x 2.	Poor. Leaf stippling, >50% canopy dieback	Planned for removal	Remove
61	Ulmus pumila	Siberian Elm	7 / 9	Power lines, fence, abandoned road	Poor -> Fair, western spar dead	Poor -> Fair with some dieback	Planned for removal	Structure prune, inspect annually
62	Ulmus pumila	Siberian Elm	25 / 25	Fence, abandoned road, naturalized landscape	Poor -> Fair with included bark, and co-dominant stems @ 5 ft. x 2 and a history of utility pruning	Fair	Planned for removal	Crown clean, assess for cables, inspect annually
63	Ulmus pumila	Siberian Elm	10 / 12	Fence, abandoned road, naturalized landscape	Poor. Barb wire girdles the main stem of this tree @ 100% in 2 locations and a history of tear outs	Poor -> Fair with some dieback	Planned for removal	Remove, inspect annually
64	Ulmus pumila	Siberian Elm	28 / 20	Naturalized landscape	Remove. Audial exam sounds hollow. Notch cut on north. Half finished removal.	Fair.	Planned for removal	This tree was partially removed some time ago. Finish removal.

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Arborist Report for Jacob Engineering, Del Paso Nuevo Phase 6

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
65	<i>Ficus carica</i>	Edible Fig	Multi = 4 / 7	Naturalized landscape	Fair, multi-stemmed from base.	Fair	Planned for removal	Fruit tree prune, inspect annually.
66	<i>Ulmus pumila</i>	Siberian Elm	Multi = 10 / 15	Naturalized landscape	Poor, stump sprouted	Poor -> Fair with an above average quantity of dead limbs	Planned for removal	Remove
67	Tree species					Standing Dead		Remove
68	<i>Quercus suber</i>	Cork Oak	25 / 25	Naturalized landscape, fence	Poor. The main stem of this tree is girdled 100% by barb wire fence	Fair with an above average quantity of dead limbs in the canopy	Planned for removal	Remove
69	<i>Quercus suber</i>	Cork Oak	25 / 30	Naturalized landscape	Fence, significant lean	Poor -> Fair with epicormic growth and >30% canopy dieback	Planned for removal	Remove
70	<i>Fraxinus latifolia</i>	Oregon Ash	Multi = 14 / 12	Naturalized landscape	Poor. Multiple leaders from base, stump sprouted.	Poor -> Fair with sparse foliage and a significantly above average quantity of dead limbs in the canopy	Planned for removal	Remove
71	<i>Ulmus pumila</i>	Siberian Elm	Multi = 5 / 7	Road, fence, naturalized landscape	Poor. Stump sprouted.	Fair.	Planned for removal	Remove
72	<i>Olea europaea</i>	Olive Tree	10 / 12	Road, fence, naturalized landscape	Poor -> Fair with some decay in the trunk	Poor -> Fair with epicormic growth and suckers.	Planned for removal	Remove suckers, crown clean, clearance prune for utilities, inspect annually
73	<i>Olea europaea</i>	Olive Tree	11 / 12	Road, fence, naturalized landscape	Fair with trunk damage on the west	Fair	Planned for removal	Crown clean, clearance prune for utilities, inspect annually
74	<i>Olea europaea</i>	Olive Tree	11 / 13	Road, fence, naturalized landscape	Fair	Fair, with suckers	Planned for removal	Remove suckers, crown clean, clearance prune for utilities, inspect annually
75	<i>Robinia pseudacacia</i>	Black Locust	26 / 30	Naturalized landscape, power lines	Poor -> Fair with end weight and a hollow on the eastern spar	Poor with gummosis and >60% canopy dieback	Planned for removal	Remove
76	<i>Ficus carica</i>	Brown Turkey Fig	8 / 15	Naturalized landscape	Poor, ground spreading	Fair	Planned for removal	Remove
77	<i>Morus alba</i>	Mulberry	11 / 12	Naturalized	Poor with trunk damage	Poor -> fair with	Planned for removal	Remove

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
78	Eucalyptus camaldulensis	Red Gum Eucalyptus	Multi = 12 / 22	Naturalized landscape	on the west from 9 ft. to the base Poor, with a northwestern spar on the ground acting as a nurse log	sparse foliage Fair with lerp psyllid	removal Planned for removal	Crown clean. Remove spar. Inspect annually.
79	Quercus lobata	Valley Oak	Multi = 25 / 35	Naturalized landscape	Fair with geotropic growth. Co-dominant stems @ 3 ft. x 2, with included bark to base.	Poor -> Fair with a significantly above average quantity of dead limbs in the canopy and epicormic growth Fair	Planned for removal	Cable. Crown clean, inspect annually.
80	Juglans hindsii	California Black Walnut	Multi = 12 / 12	Naturalized landscape, blackberry, fence	Poor -> Fair, multi-stemmed from base		Planned for removal	Crown clean, inspect annually
81	Quercus douglasii	Blue Oak	5 / 7	Naturalized landscape	Fair -> Good	Fair -> Good	Planned for removal	There is a line of mixed species trees on the western perimeter of this lot. The trees are < 2 inches in diameter. Remove every other tree, unstake, structure prune the remainder. Structure prune, inspect annually. East of trees # 81 & 82 there is a valley oak sapling < .5 inch
82	Quercus lobata	Valley Oak	3 / 6	Naturalized landscape	Poor with multiple stems from the base	Poor with the top 50% dead	Planned for removal	Select one leader and retrain that as a new tree from the base.
83	Quercus lobata	Valley Oak	Multi = 6 / 8	Naturalized landscape	Poor, with bark plate failure 360 degrees around base. Damage consistent with fire.	Fair	Planned for removal	Remove
84	Quercus lobata	Valley Oak	Multi = 13 / 15	Naturalized landscape	Poor with multiple stems from the base and damage consistent with fire	Poor with >80% canopy die back	Planned for removal	Remove

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
85	Quercus lobata	Valley Oak	Multi = 4 / 7	Naturalized landscape	Poor -> Fair with multiple stems from the base	Fair	Planned for removal	Structure prune, inspect annually
86	Robinia pseudoacacia	Black Locust	Multi = 7 / 9	Naturalized landscape, fence	Poor with multiple stems from base	Fair	Planned for removal	Remove
87	Robinia pseudoacacia	Black Locust	11 / 7	Naturalized landscape, fence	Poor, grown through fence. Abandoned removal.	Poor. Dead.	Planned for removal	Complete removal.
88	Ficus carica	Edible Fig	Multi = 6 / 9	Fence	Poor. Growing through fence	Poor, with >50% canopy dieback	Planned for removal	Remove
89	Washingtonia filifera	California Fan Palm	15 ft. tall	Fence, naturalized landscape	Fair	Fair	Planned for removal	Remove skirt, inspect annually
90	Melia azadirach	Chinaberry	19 / 15	Fence, naturalized landscape	Poor -> Fair, topped	Fair	Planned for removal	Restoration prune, inspect annually
91	Tree species					Standing Dead		Remove
92	Tree species					Standing Dead		Remove
93	Prunus cerasifera	Purple Leaf Plum	Multi = 9 / 10	Fence, naturalized landscape	Poor, with multiple leaders from the base	Poor -> Fair. Reverting.	Planned for removal	Remove
94	Ficus carica	Edible Fig	Multi = 9 / 12	Fence, naturalized landscape, honeysuckle vine	Poor -> Fair with multiple stems from the base	Fair	Planned for removal	Fruit tree prune, inspect annually
95	Ulmus pumila	Siberian Elm	25 / 18	Sidewalk with preservation cutout, power lines	Poor -> Fair, topped	Fair	Planned for removal	Crown clean, inspect annually
96	Morus alba	Mulberry	14 / 15	Power lines, naturalized landscape	Poor, with significant lean. Tree was topped.	Fair	Planned for removal	Restoration prune, inspect annually
97	Tree species					Standing Dead		Remove
98	Fraxinus latifolia	Oregon Ash	4/5	Fence, naturalized	Poor -> Fair with root damage on south. Co-	Fair	Planned for removal	Structure prune, inspect annually

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
99	<i>Prunus amygdalus 'dalcis'</i>	Almond Tree	12 / 15	Fence, naturalized landscape	dominant stems @ 4 ft. x 2, @ 5 ft. x 2. Poor -> Fair with sprouts	Poor -> Fair with sparse	Planned for removal	Inspect annually, fruit tree prune
100	<i>Quercus lobata</i>	Valley Oak	Multi = 5 / 7	Fence, naturalized landscape	Poor -> Fair with multiple stems from base	Fair	Planned for removal	Structure prune to one dominant leader, inspect annually
101	<i>Fraxinus latifolia</i>	Oregon Ash	8 / 8	Fence on three sides, naturalized landscape	Poor -> Fair with multiple stems	Fair	Planned for removal	Structure prune, inspect annually
102	<i>Fraxinus latifolia</i>	Oregon Ash	15 / 12	Fence, naturalized landscape	Fair with co-dominant stems @ 5 x 2, @ 8 x 2	Fair	Planned for removal	Crown clean, inspect annually
103	<i>Fraxinus latifolia</i>	Oregon Ash	28 / 25	Fence, power lines	Poor -> Fair Southern spar dead, topped, co-dominant stems with included bark @ 3 x 2, @ 7 x 2, @ 8 x 2	Poor -> Fair with an above average quantity of dead limbs in the canopy	Planned for removal	Crown clean, inspect annually. There are two valley oak seedlings, < 2 inches inside the drip line of this tree.
104	<i>Ulmus pumila</i>	Siberian Elm	Grove = 15 x 6 / 20	Street parking, naturalized landscape	Poor, suppressed with maximum crowding	Fair	Some root damage from grading	Choose one trunk to remain, remove the rest. This tree is on neighboring property and overhangs. It is untagged.
105	<i>Olea europaea</i>	Edible Olive	Multi = 14 / 9	Street, concrete at base	Poor with a history of tear outs and one limb functioning as a nurse log	Fair	Planned for removal	Remove all
106	<i>Morus alba</i>	Mulberry	17 / 20	Naturalized landscape, fence, house	Fair, tear out on south from 5 ft. down to base	Fair	Planned for removal	Crown clean, inspect annually
107	<i>Robinia pseudoacacia</i>	Black Locust	7 / 7	Fence x 3, naturalized landscape	Fair	Fair	Some root damage from grading	This tree is untagged, overhanging from neighboring property. Structure prune, inspect annually.
108	<i>Prunus amygdalus 'dalcis'</i>	Peach	Multi = 7 / 9	Naturalized landscape	Poor, multiple stems from base	Poor with > 80% canopy dieback	Planned for removal	Remove. There is a valley oak seedling < 1 inch to the north of this tree.

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
109	<i>Prunus amygdalus 'dulcis'</i>	Peach	Multi = 6 / 9	Fence, naturalized landscape	Poor, multiple stems from base	Poor with > 70% canopy dieback	Planned for removal	Remove
110	<i>Ulmus pumila</i>	Siberian Elm	12 / 15	Fence, naturalized landscape	Poor -> Fair with end weight, geotropic growth and suppressed structure.	Poor -> Fair with an above average quantity of dead limbs	Planned for removal	Crown clean, inspect annually
111	<i>Ulmus pumila</i>	Siberian Elm	Multi = 9 / 7	Fence, naturalized landscape	Poor-> Fair with significant decay on the southern spur, suppressed structure	Poor -> Fair with an above average quantity of dead limbs and armored scale	Planned for removal	Crown clean, inspect annually
112	<i>Ulmus pumila</i>	Siberian Elm	Grove Multi = 21 / 22	Fence, naturalized landscape	Poor, topped with significant lean, suppressed, history of failures	Poor -> Fair with an above average quantity of dead limbs	Planned for removal	Remove
113	<i>Malus sp.</i>	Edible Apple	Multi = 5 / 9	Fence, naturalized landscape	Fair, multiple leaders from base	Fair	Planned for removal	Fruit tree prune, inspect annually
114	<i>Malus sp.</i>	Edible Apple	5/5	Fence, naturalized landscape	Fair	Fair	Planned for removal	Fruit tree prune, inspect annually. There is a fig tree < 2 inches in diameter in the drip line, if it is not removed expediently, it will outcompete the apple.
115	<i>Ligustrum vulgare</i>	Privet	Multi = 7 / 9	Fence, naturalized landscape	Poor -> Fair with multiple leaders from base	Fair -> Good	Planned for removal	Privet is an invasive species and this shrub should be removed before it naturalizes and consumes the landscape.
116	Tree species					Standing Dead		Remove
117	<i>Pinus radiata</i>	Monterey Pine	9 / 6	Fence, naturalized landscape	Fair	Fair	Planned for removal	Inspect annually
118	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	4 / 5	Fence, naturalized landscape	Fair	Fair	Planned for removal	Inspect annually
119	Tree species					Standing Dead		Remove -50 feet to the east of this tree is an 18 foot limb laying on the ground which should also be removed.

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
120	Tree species							Remove
121	Washingtonia filifera	California Fan Palm	27 ft. tall	Naturalized landscape	Fair	Standing Dead	Planned for removal	Remove skirt, inspect annually
122	Washingtonia filifera	California Fan Palm	23 ft. tall	Naturalized landscape	Fair	Fair	Planned for removal	Remove skirt, inspect annually
123	Washingtonia filifera	California Fan Palm	25 ft. tall	Naturalized landscape	Fair	Fair	Planned for removal	Remove skirt, inspect annually
124	Washingtonia filifera	California Fan Palm	20 ft. tall	Naturalized landscape	Fair	Fair	Planned for removal	Remove skirt, inspect annually
125	Eucalyptus camaldulensis	Red gum eucalyptus	14 / 10	Naturalized landscape, fence	Poor -> Fair with minimal lean and some trunk damage on the west	Poor -> Fair with sparse foliage and lerp psyllid	Planned for removal	Remove to promote # 126.
126	Quercus lobata	Valley Oak	4 / 5	Naturalized landscape, fence	Fair	Fair	Planned for removal	Structure prune, inspect annually
127	Eucalyptus camaldulensis	Red gum eucalyptus	18 / 15	Naturalized landscape, fence	Poor -> Fair with minimal lean and some	Poor -> Fair with lerp psyllid	Planned for removal	Remove to promote # 126.
128	Eucalyptus camaldulensis	Red gum eucalyptus	11 / 9	Naturalized landscape, fence	Poor -> Fair with minimal lean	Poor -> Fair with lerp psyllid	Planned for removal	Remove to promote the two valley oak saplings < 1 in diameter in the drip line. Select one sapling to remain.
129	Tree species					Standing Dead		Remove
130	Tree species					Standing Dead		Remove
131	Eucalyptus camaldulensis	Red gum eucalyptus	Grove = 15 / 35	Naturalized landscape	Poor -> Fair with minimal lean and some	Poor -> Fair with lerp psyllid	Planned for removal	This grove of 4 trees is located on the neighboring property, overhanging. They are untagged. Either selectively remove to protect on tree, or treat the group as a grove and assess for cables and crown clean.
132	Tree species					Standing Dead		Remove
133	Tree species					Standing Dead		Remove
134	Eucalyptus	Red gum	20 / 15	Naturalized	Poor -> Fair with trunk	Fair with lerp psyllid	Planned for removal	Crown clean, inspect annually

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
	camauldensis	eucalyptus		landscape, fence	damage on the west		removal	
135	Eucalyptus camauldensis	Red gum eucalyptus	20 / 30	Naturalized landscape, fence	Poor, with significant end weight and a lack of balance	Poor -> Fair with lerp psyllid	Planned for removal	Remove
136	Tree species					Standing Dead		Remove
137	Tree species					Standing Dead		Remove
138	Tree species					Standing Dead		Remove
139	Tree species					Standing Dead		Remove
140	Eucalyptus camauldensis	Red gum eucalyptus	Malti = 24 / 22	Naturalized landscape	Poor -> Fair with co-dominant stems @ 1 ft. x 2	Poor -> Fair with lerp psyllid	Planned for removal	Assess for cables, crown clean, inspect annually
141	Eucalyptus camauldensis	Red gum eucalyptus	14 / 10	Naturalized landscape, downed fence	Poor -> Fair with lean, suppressed	Poor -> Fair with lerp psyllid, sparse foliage, some apical dieback	Planned for removal	Crown clean, inspect annually
142	Eucalyptus camauldensis	Red gum eucalyptus	Malti = 5 / 3	Naturalized landscape, fence	Poor, Multiple stems from base with included bark, suppressed.	Poor, top dead, lerp psyllid	Planned for removal	Remove
143	Eucalyptus camauldensis	Red gum eucalyptus	10 / 4	Naturalized landscape	Poor -> Fair, suppressed	Poor -> Fair with lerp psyllid and some sap sucker damage	Planned for removal	Remove
144	Eucalyptus camauldensis	Red gum eucalyptus	Malti = 20 / 15	Naturalized landscape	Poor -> Fair with multiple stems from the base	Poor -> Fair with lerp psyllid and an above average quantity of dead limbs in the canopy	Planned for removal	Assess for cables, crown clean, inspect annually
145	Tree species					Standing dead		Remove
146	Eucalyptus camauldensis	Red gum eucalyptus	Malti = 10 / 12	Naturalized landscape, fence	Poor -> Fair with multiple stems from the base	Poor -> Fair with lerp psyllid	Planned for removal	Crown clean, inspect annually
147	Eucalyptus camauldensis	Red gum eucalyptus	Malti = 14 / 6	Naturalized landscape	Poor -> Fair with co-dominant stems @ 4 ft. x 2 and included bark	Poor -> Fair with lerp psyllid	Planned for removal	Assess for bolts or cables, crown clean, inspect annually
148	Tree species					Standing dead		Remove

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/Recommendation
149	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	14/10	Naturalized landscape, fence	Fair with lean	Poor with lerp psyllid and sparse foliage	Planned for removal	Remove
150	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	12 / 6	Naturalized landscape, fence	Poor -> Fair, suppressed	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove
151	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	Multi = 8 / 10	Naturalized landscape, fence	Poor with multiple stems from the base, lean and included bark. Poor. Suppressed.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove
152	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	Multi = 8 / 9	Naturalized landscape, fence	Poor. Suppressed.	Poor with lerp psyllid and tortoiseshell beetle. 50% canopy die back.	Planned for removal	Remove
153	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	Multi = 7 / 5	Naturalized landscape, fence	Poor -> Fair with lean.	Poor with lerp psyllid and tortoiseshell beetle, frass consistent with a boring beetle, and 70% canopy dieback.	Planned for removal	Remove
154	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	Multi = 11 / 6	Naturalized landscape, fence	Poor -> Fair, suppressed with multiple stems from the base.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Assess for cables, crown clean, inspect annually
155	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	14 / 10	Naturalized landscape, fence	Poor -> Fair, lean with a history of tear outs on the west	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
156	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	10 / 8	Naturalized landscape, fence	Poor top is missing from tree	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove
157	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	24 / 18	Naturalized landscape, fence	Poor. Both the northern and southern dominant spars have failed.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove
158	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	14 / 12	Naturalized landscape, fence	Poor -> Fair, co-dominant stems @ 7 ft. x 2.	Poor -> Fair with lerp psyllid and tortoiseshell beetle with 20% canopy dieback	Planned for removal	Assess for cables, crown clean, inspect annually

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
159	Eucalyptus camaldulensis	Red gum eucalyptus	15 / 12	Naturalized landscape, fence	Poor -> Fair, lean on the west	Poor -> Fair with lerp psyllid and tortoiseshell beetle and sap sucker damage.	Planned for removal	Crown clean, inspect annually
160	Eucalyptus camaldulensis	Red gum eucalyptus	Multi = 14 / 15	Naturalized landscape, fence	Poor -> Fair, suppressed	Poor with > 20% canopy dieback	Planned for removal	Crown clean, inspect annually
161	Eucalyptus camaldulensis	Red gum eucalyptus	22 / 20	Naturalized landscape, fence	Poor -> Fair, co-dominant stems @ 8 ft. x 2.	Poor -> Fair with lerp psyllid, tortoiseshell beetle and some sap sucker damage	Planned for removal	Crown clean, inspect annually. There appears to be a nest in the canopy of this tree.
162	Eucalyptus camaldulensis	Red gum eucalyptus	26 / 20	Naturalized landscape, fence	Poor -> Fair, suppressed	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
163	Eucalyptus camaldulensis	Red gum eucalyptus	Multi = 5 / 7	Naturalized landscape, fence	Poor with a stump @ 4 ft and significant sprouts.	Poor with > 60% canopy dieback	Planned for removal	This tree has been partially removed. Complete removal.
164	Eucalyptus camaldulensis	Red gum eucalyptus	9 / 10	Naturalized landscape, fence	Poor -> Fair with a stump @ 5 ft., suppressed.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove.
165	Eucalyptus camaldulensis	Red gum eucalyptus	Multi = 21 / 22	Naturalized landscape, fence	Poor -> Fair, with co-dominant stems @ 2 ft. x 2.	Poor -> Fair with lerp psyllid, tortoiseshell beetle and an above average quantity of dead limbs in the canopy.	Planned for removal	Assess for cables, crown clean, inspect annually
166	Acacia baileyana	Bailey's Acacia	6 / 10	Fence, naturalized landscape	Poor -> Fair with significant lean, significant lean and trunk damage on the west from 3 ft. to the base.	Fair with some sap sucker damage.	Planned for removal	This grove contains some 50 trees of the same species, all < 4 inches in diameter, most < 1 inch in diameter. Select trees to remain, keeping one tree every 15 ft.
167	Eucalyptus camaldulensis	Red gum eucalyptus	14 / 12	Naturalized landscape, fence	Poor -> Fair, lean	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
168	Tree species					Standing dead		Remove
169	Eucalyptus camaldulensis	Red gum eucalyptus	25 / 12	Naturalized landscape,	Poor -> Fair, lean with co-dominant stems @ 5	Poor -> Fair with lerp psyllid and	Planned for removal	Assess for cables, crown clean, inspect annually

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
170	Eucalyptus camaldulensis	Red gum eucalyptus	14 / 15	Naturalized landscape, fence	fl. x 2. Poor -> Fair, with co-dominant stems @ 7 ft. x 2.	poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove to promote # 171.
171	Quercus lobata	Valley Oak	13 / 15	Naturalized landscape, fence, barb wire north and south	Fair, suppressed	Poor -> Fair with some canopy dieback.	Planned for removal	Crown clean, inspect annually
172	Eucalyptus camaldulensis	Red gum eucalyptus	Multi = 23 / 30	Naturalized landscape, fence	Poor -> Fair, with co-dominant stems @ 3 ft. x 2, @ 7 ft. x 2 and a tear out on the east.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove to promote # 171.
173	Eucalyptus camaldulensis	Red gum eucalyptus	21 / 20	Naturalized landscape, fence	Poor -> Fair, lean	Poor -> Fair with lerp psyllid, tortoiseshell beetle and sparse growth	Planned for removal	Remove southern spar, crown clean, inspect annually. In the dripline of this tree there is a valley oak sapling < 1 inch diameter.
174	Eucalyptus camaldulensis	Red gum eucalyptus	12 / 10	Naturalized landscape, fence	Poor -> Fair, suppressed	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
175	Eucalyptus camaldulensis	Red gum eucalyptus	12 / 12	Naturalized landscape, fence	Poor -> Fair, with significant lean	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
176	Eucalyptus camaldulensis	Red gum eucalyptus	18 / 10	Naturalized landscape, fence	Poor -> Fair, suppressed. Co-dominant stems @ 6 x 2.	Poor -> Fair with sparse foliage	Planned for removal	Crown clean, inspect annually
177	Eucalyptus camaldulensis	Red gum eucalyptus	21 / 30	Naturalized landscape, fence	Poor -> Fair, suppressed.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, remove southern spar, inspect annually
178	Eucalyptus camaldulensis	Red gum eucalyptus	Multi = 29 / 40	Naturalized landscape, fences	Poor with three co-dominant trees functioning as one.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Remove. Valley oak sapling < 1 inch in the dripline.
179	Tree species					Standing dead		Remove
180	Tree species					Standing dead		Remove
181	Tree species					Standing dead		Remove
182	Pinus radiata.	Monterey Pine	16 / 15	Naturalized landscape,	Poor -> Fair, suppressed. Co-dominant @ 12 ft. x	Poor -> Fair with an above average	Planned for removal	Assess for cables, crown clean, inspect annually. There are 2

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
				fence	2.	quantity of dead limbs, pitch, frass and sparse growth.		trees on the ground from soil failure to the east of this tree.
183	<i>Pinus radiata</i> .	Monterey Pine	17 / 15	Naturalized landscape, fence	Fair	Fair, frass, pitch.	Planned for removal	Inspect annually
184	<i>Eucalyptus camaldulensis</i>	Red gum eucalyptus	10 / 15	Naturalized landscape, fences	Fair, lean.	Poor -> Fair with lerp psyllid and tortoiseshell beetle	Planned for removal	Crown clean, inspect annually
185	<i>Ailanthus altissima</i>	Tree of Heaven	3 / 7	Naturalized landscape, fence	Fair	Fair	Planned for removal	Remove. Ailanthus is considered to be an invasive tree species, and should be taken out of the landscape before it has a chance to colonize.
186	Tree species							Remove
187	<i>Quercus lobata</i>	Valley Oak	1 / 3	Naturalized landscape, fence	Fair	Standing dead Fair, galls	Planned for removal	Structure prune, inspect annually.
188	<i>Carya illinoensis</i>	Pecan Tree	Multi = 13 / 30	Naturalized landscape, fence, driveway, house	Poor -> Fair with end weight and co-dominant stems @ 2 ft. x 3. Geotropic growth.	Fair, sap sucker damage	Some root damage from grading	This tree is neighboring and overhanging, and is untagged.
189	<i>Pyrus communis</i>	Edible Pear	7 / 10	Naturalized landscape, fence, planned landscape	Fair, moderate espalier	Poor -> Fair with suckers	Some root damage from grading	This tree is neighboring and overhanging, and is untagged. Fruit tree prune, inspect annually
190	<i>Prunus amygdalus 'dulcis'</i>	Edible Peach	7 / 9	Naturalized landscape, fence, planned landscape	Fair	Fair	Some root damage from grading	This tree is neighboring and overhanging, and is untagged. Fruit tree prune, inspect annually
191	<i>Quercus lobata</i>	Valley Oak	Multi = 13 / 15	Naturalized landscape, fence	Fair	Fair	Planned for removal	Structure prune, inspect annually
192	<i>Quercus lobata</i>	Valley Oak	12 / 15	Naturalized landscape,	Fair, with co-dominant stems @ 7 ft. x 3.	Poor -> Fair with epicormic growth and	Planned for removal	Crown clean, inspect annually

Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
193	Ulmus pumila	Siberian Elm	4 / 7	Naturalized landscape	Poor -> fair with multiple stems from the base	an above average quantity of dead limbs in the canopy. Fair	Planned for removal	Structure prune, inspect annually
194	Ulmus pumila	Siberian Elm	7 / 7	Naturalized landscape	Poor -> Fair with multiple leaders from base	Fair	Planned for removal	Structure prune, inspect annually
195	Ficus carica	Edible Fig	Multi = 6 / 6	Naturalized landscape, fence	Poor, stump sprouted	Fair	Planned for removal	Fruit tree prune, inspect annually
196	Quercus lobata	Valley Oak	4 / 6	Naturalized landscape, fence	Fair	Fair	Planned for removal	Structure prune, inspect annually
197	Tree species					Standing dead		Remove
198	Quercus lobata	Valley Oak	Multi - 9 / 10	Naturalized landscape, fence	Poor -> Fair multiple stems from the base	Poor -> Fair with an above average quantity of dead limbs	Planned for removal	Structure prune, inspect annually
199	Ulmus pumila	Siberian Elm	3 / 4	Naturalized landscape, fence	Fair	Fair	Planned for removal	Structure prune, inspect annually. This tree is neighboring and overhanging, and is untagged.
200	Ulmus pumila	Siberian Elm	7 / 9	Naturalized landscape, fence	Fair	Fair	Planned for removal	Structure prune, inspect annually. This tree is neighboring and overhanging, and is untagged.
201	Robinia pseudoacacia	Black Locust	12 / 21	Naturalized landscape	Poor with significant lean and heave at the base from a previous soil failure	Fair with some dieback	Planned for removal	Remove
202	Tree species					Standing dead		Remove
203	Thuja arborescens	Arborvitae	Multi - 6 / 6	Naturalized landscape	Poor with multiple leaders from base, trunk damage on south	Poor with browning and apical dieback	Planned for removal	Remove
204	Tree species					Standing dead		Remove
205	Quercus lobata	Valley Oak	5 / 10	Naturalized landscape,	Fair, suppressed with lean. This tree is	Fair	Some root damage from	This tree is neighboring and overhanging, and is untagged.

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
206	Ulmus pumila	Siberian Elm	25 / 30	Fence, street, naturalized landscape	growing through the fence. Poor with significant lean	Poor with a significantly above average quantity of dead limbs and apical dieback	Planned for removal	Structure prune, remove the fence, inspect annually, irrigate to compensate for root loss. Remove
207	Ulmus pumila	Siberian Elm	35 / 30	Fence, street, naturalized landscape	Poor. Cavity on north > 50% decay through the main stem. History of tear outs. Co-dominant stems @ 2 ft. x 2. Southern spar dead.	Poor with apical dieback	Planned for removal	Remove
208	Ficus carica	Edible fig	Multi = 5 /10	Fence, power lines, naturalized landscape	Poor. Growing through fence, multiple leaders from base.	Fair	Planned for removal	Remove
209	Ulmus pumila	Siberian Elm	Grove of 4 trees. Multi = 7 /12	Fence, power lines, naturalized landscape	Poor with 4 trees functioning as one	Fair	Planned for removal	Remove 3 of the 4 trees, structure prune the remaining tree, inspect annually
210	Ulmus pumila	Siberian Elm	24 / 30	Fence, power lines, naturalized landscape	Poor -> Fair with a history of tear outs.	Fair	Some root damage from grading	Structure prune, inspect annually. This tree is neighboring and overhanging, and is untagged.
211	Tree species					Standing dead		Remove
212	Quercus lobata	Valley Oak	8 /12	Naturalized landscape	Poor -> Fair with significant lean	Fair with bark damage on the east and west	Planned for removal	Structure prune, inspect annually
213	Quercus lobata	Valley Oak	9 / 10	Naturalized landscape, fig	Fair	Fair with bark damage on the south x 2	Planned for removal	Structure prune, inspect annually
214	Carya illinoensis	Pecan	Multi = 12 / 15	Naturalized landscape	Poor with significant lean, suppressed, multiple stems from the base	Fair with blister mites	Planned for removal	Remove
215	Carya illinoensis	Pecan	Multi = 14 / 20	Naturalized landscape	Poor with 7 trees functioning as one	Fair	Planned for removal	Remove
216	Ulmus pumila	Siberian Elm	Multi = 27	Naturalized	Fair	Fair	Some root	This tree is neighboring and

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
			7/35	landscape			damage from grading	overhanging, and is untagged. Assess for cables, crown clean and reduce end weight, inspect annually
217	Populus alba	Silver Poplar	Multi = 24 / 40	Naturalized landscape	Poor with 11 stems functioning as one tree	Poor -> Fair with sparse foliage and an above average quantity of dead limbs	Planned for removal	Remove
218	Prunus amygdalus 'dulcis'	Almond Tree	Multi = 9 / 12	Naturalized landscape, fence	Poor -> Fair, multiple stems from the base	Poor with nutrient and water deficiencies	Planned for removal	Fruit tree prune, add water and fertilize. Inspect annually.
219	Tree species					Standing dead		Remove
220	Tree species					Standing dead		Remove
221	Tree species					Standing dead		Remove
222	Tree species					Standing dead		Remove
223	Tree species					Standing dead		Remove
224	Tree species					Standing dead		Remove - Ganoderma appplanatum conks are visible on the main stem
225	Tree species					Standing dead		Remove
226	Tree species					Standing dead		Remove - Ganoderma appplanatum conks are visible on the main stem. This tree is located 5 ft. from tree #196, also susceptible to this primary decay pathogen.
227	Tree species					Standing dead		Remove
228	Tree species					Standing dead		Remove
229	Tree species					Standing dead		Remove
230	Tree species					Standing dead		Remove
231	Tree species					Standing dead		Remove
232	Ulmus pumila	Siberian Elm	Multi = 15 / 15	Naturalized landscape	Poor with trunk grafts @ 1, 3, 4, 7, 10. Western spar dead.	Poor -> Fair with epicormic growth and a significantly above average quantity of dead limbs	Planned for removal	Remove
233	Ficus carica	Edible fig	5 / 9	Naturalized	Poor -> Fair with	Poor with >80%	Planned for	Remove

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Tree ID #	Botanical Name	Common Name	DSH/DLR	Drip Line Environment	Structural Condition	Vigor Condition	Construction Impacts	Discussion/ Recommendation
234	<i>Ulmus pumila</i>	Siberian Elm	25 / 30	landscaped, chicken wire	multiple stems Poor with a cavity on north with >70% main stem decay	canopy dieback Fair with sprouts, epicormic growth and an above average amount of dead limbs in the canopy.	Planned for removal	Remove
235	<i>Platanus x. acerifolia</i>	London Plane Tree	21 / 20	Naturalized landscape	Fair	Poor -> Fair with anisracnose	Planned for removal	Treat anisracnose annually, crown clean, inspect annually
236	<i>Quercus lobata</i>	Valley Oak	Multi = 3 / 5	Naturalized landscape, power lines	Poor -> Fair with multiple stems	Fair	Planned for removal	Structure prune, inspect annually
237	Tree species					Standing dead		Remove
238	<i>Juglans hindsii</i>	California Black Walnut	Multi = 12 / 15	Naturalized landscape	Poor with significant white rot and structural decline	Poor -> Fair with apical dieback	Planned for removal	Remove
239	<i>Prunus domestica</i>	Edible Plum	Multi = 10 / 10	Naturalized landscape	Poor with multiple stems from the base. Stump sprouted and reverted.	Poor -> Fair with apical dieback	Planned for removal	Remove
240	<i>Robinia pseudoacacia</i>	Black Locust	9 / 12	Naturalized landscape	Fair, with lean	Fair	Planned for removal	Crown clean, inspect annually

**EXHIBIT 4: Regulatory Agreement**

**NO FEE DOCUMENT:**

Entitled to free recording  
 per Government Code 27383.  
 When recorded, return to:  
 SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
 801 12<sup>th</sup> Street  
 Sacramento, CA 95814  
 Attention: Anne Nicholls

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

**INCLUDING CONDITIONS PRECEDENT TO RESALE**

<b>PROJECT NAME:</b>	Del Paso Nuevo Phase VI <b>Phase 1 – Fourteen (14) Lots</b> (Lots 41 through 44 and Lots 57 through 66)
<b>PROJECT ADDRESSES:</b>	Lot 41 – 3510 Alberghini Street, Lot 42 – 3516 Alberghini Street, Lot 43 – 3520 Alberghini Street, Lot 44 – 3524 Alberghini Street, Lot 57 – 3523 Jimmy Pope Street, Lot 58 – 3519 Jimmy Pope Street, Lot 59 – 3515 Jimmy Pope Street, Lot 60 – 3509 Jimmy Pope Street, Lot 61 – 3505 Jimmy Pope Street, Lot 62 – 3501 Jimmy Pope Street, Lot 63 – 3500 Jimmy Pope Street, Lot 64 – 3516 Jimmy Pope Street, Lot 65 – 3520 Jimmy Pope Street and Lot 66 – 3524 Jimmy Pope Street
<b>EFFECTIVE DATE:</b>	December 7, 2016
<b>APNs:</b>	250-0150-086, 250-0150-087, 250-0150-088, 250-0150-089, 250-0150-102, 250-0150-103, 250-0150-104, 250-0150-105, 250-0150-106, 250-0150-107, 250-0150-108, 250-0150-109, 250-0150-110 and 250-0150-111

**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.

<b>TERM</b>	<b>DEFINITION</b>	
“Effective Date”	This Regulatory Agreement shall be effective as of the following date:	December 7, 2016
“Agency”	Housing Authority of the City of Sacramento	
	A public body corporate and politic	

“Owner” and “Developer”	Del Paso Homes, Inc.	
“Agency Address”	Agency’s business address is as follows:	801 12 <sup>th</sup> Street, Sacramento, CA 95814
“Owner Address”	Owner’s business address is as follows:	4120 Douglas Boulevard #306-375 Granite Bay, CA 95746
“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 <b><u>Exhibit 1 – Legal Description</u></b> .	
“Disposition and Development Agreement”	The Disposition and Development Agreement (“DDA”) by and between Developer and Agency for the construction of 72 single-family homes in the Del Paso Nuevo Phase VI development.	Developer executed a Promissory Note in the amount of \$280,000.00 for the land and is obligated by and agreed to perform pursuant to the DDA by and between Sacramento Housing and Redevelopment Agency dated December 7, 2016.
“Funding Agreement”	The Funding Agreement between Agency and Owner, named and dated as follows:	Disposition and Development Agreement and the Acquisition Loan Agreement (Seller Carry-Back Loans)
“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 for this phase, as follows:	\$280,000.00 which is \$20,000 x 14 lots
“Funding Requirements”	The legal restrictions on the use of the funds that Agency has used to make the Agency Funding, as applicable to and restricting the Property. The Funding Requirements are set out in <b><u>Exhibit 2 – Funding Requirements</u></b> .	
“Project Development Funds”	The total of all funds expended to develop the Project (and for a mixed use project, for the residential portion of the Project only), including without limitation payments for land acquisition, costs of financing, costs of predevelopment, and, as applicable, the costs of development or rehabilitation.	
“Unit Development Funds”	Project Development Funds expended for each unit as indicated in Section 3.b below. (Generally, for units which are substantially equivalent, the Unit Development Funds are equal to the Project Development Funds divided by the number of residential units in the Project. However, for Projects with significant variations in unit square footage, the number may be determined on a relative square footage basis)	
“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. The units shall be restricted for the period of years stated in the Funding Requirements.	
“Individual Regulatory Agreement”	The agreement containing conditions, covenants and restrictions running with the land and restricting the use and resale of the Restricted Units as provided in this Regulatory Agreement and the Individual Regulatory Agreement for Homeownership Property, as required, the form of which is attached as <b><u>Exhibit 3 – Individual Regulatory Agreement</u></b> .	
“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:	Property to be used for construction of 14 for-sale residential homes.

3. **RESTRICTED UNITS:** All 14 finished parcels shall be restricted by this regulatory agreement. Agency and Developer agree that as homes are constructed and sold this regulatory agreement will be partially released as to each home sold. Of the 14 newly constructed homes covered by this agreement, four (4) will be used as model homes for the entire 72-lot Del Paso Nuevo Phase VI project, two (2) will be sold without restrictions, and eight (8) will be sold to low-income owner-occupants earning 80% or less of Sacramento Metropolitan Statistical Area median income and the Individual Regulatory Agreement shall be recorded against the property. Of the eight (8) regulated homes, a minimum of four (4) will be restricted for a term of forty-five (45) years and the remainder the regulated homes will be restricted for a term of fifteen (15) years.

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 income and pricing restrictions shall be adjusted to assure compliance with the Funding Requirements as of the date when the Restricted Unit is sold.

b. For purposes of this Regulatory Agreement, the sales price is the amount actually paid to Developer by the purchaser ("Buyer"), including all additions or reductions (for changes to the Restricted Unit or otherwise) made to the initial purchase price shown in the purchase and sale agreement between Developer and the Buyer.

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, (b) that the sales price to be paid by the buyer on sale is an "Affordable Price" as required by the Funding Source and (c) that the Buyer has executed and the parties have recorded an Individual Regulatory Agreement with all terms applicable to such Restricted Unit. A purported sale to a third party in violation of this Regulatory Agreement is voidable by Agency at any time upon notice to Developer.

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 rents 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 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 and (b) that the purchaser of the Property has acknowledge and accepted the Individual Regulatory Agreement. 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 Funding Requirements.

d. Owner shall not transfer or encumber any of the Property or permit the conveyance, transfer, or encumbrance of the Property unless such assignee, transferee or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement, through the Individual Regulatory Agreement for Homeownership Property for transfers to be at an affordable price to income eligible buyers.

e. 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.

f. 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.

g. 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.

h. 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.

**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, the terms stated in the Funding Requirements, have expired or otherwise been terminated. Of the eight (8) regulated homes in this phase, a minimum of four (4) will be restricted for a term of forty-five (45) years and the remainder of the regulated homes will be restricted for a term of fifteen (15) years.

**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 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. CONTRADICTORY 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.

**BORROWER:**  
DEL PASO HOMES, INC., A CALIFORNIA CORPORATION

**AGENCY:**  
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,  
A PUBLIC BODY, CORPORATE AND POLITIC

By: \_\_\_\_\_  
John Griffin, President

By: \_\_\_\_\_  
La Shelle Dozier, Executive Director

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

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

Approved as to form: \_\_\_\_\_  
Developer Counsel

Approved as to form: \_\_\_\_\_  
Agency Counsel

## **Exhibit 1**

### **LEGAL DESCRIPTION**

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

Lots 41 through 44, inclusive, and Lots 57 through 66, inclusive, as shown on the “Final Map of Del Paso Nuevo Phase 6”, filed June 19, 2014, in Book 383 of Maps, at page 2001, records of said County.

APNs 250-0150-086, 250-0150-087, 250-0150-088, 250-0150-089, 250-0150-102, 250-0150-103, 250-0150-104, 250-0150-105, 250-0150-106, 250-0150-107, 250-0150-108, 250-0150-109, 250-0150-110 and 250-0150-111.

**Exhibit 2**  
**FUNDING REQUIREMENTS**  
**CITY OF SACRAMENTO -- HOMEOWNERSHIP PROJECT**

These “Funding Requirements” are incorporated in the “Regulatory Agreement” to which they are attached. In turn, the Regulatory Agreement is incorporated in the “DDA” and “Funding Agreement” referenced in the Regulatory Agreement. Pursuant to the Funding Agreement, the Regulatory Agreement is recorded against the properties assisted with the “Agency Funding” provided under the Funding Agreement. [The capitalized terms used in these Funding Requirements shall have the meanings below in the body of these Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these Funding Requirements that are not defined below are defined in the Regulatory Agreement.]

**1. RECITALS.**

a. Agency acquired the Property from the former Redevelopment Agency of the City of Sacramento as a housing asset approved by the California Department of Finance. The dissolved redevelopment agency was organized and operated under the California Community Redevelopment Law (commencing at Health & Safety Code Section 33000).

b. Agency has provided the “Agency Funding” in the form of a seller carry-back loan made by the Agency in its sale of the Property at its fair market value from proceeds of the “Housing Fund” (as defined in Health & Safety Code Section 33334.3) for the “Project Area” named in the Regulatory Agreement and Funding Agreement. The Agency Funding is subject to the provisions of the redevelopment plan for the Project Area and the California Community Redevelopment Law.

c. Agency has approved the Agency Funding on condition that the “Property” named in the Funding Agreement is rehabilitated or developed as the “Project,” as residential property for sale to owner-occupants, and that certain Project housing units are regulated in accordance with Health & Safety Code Section 33487. Such regulation is accomplished by recordation of the Regulatory Agreement with these Tax Increment Funding Requirements as covenants running with the land, in accordance with Health & Safety Code Section 33334.3(e). The purpose of such regulation is to make the regulated units affordable to persons and households that qualify as low-income, in accordance with Health & Safety Code Section 33334.2.

d. The development of the Project benefits and serves the Project Area, and the Project will provide housing for persons who work within the Project Area. The Project is located within the City of Sacramento (“City”).

e. The Agency Funding also includes proceeds of the Community Development Block Grant (“CDBG”) and other funds. The Agency has approved the Agency Funding on condition that the property described in the DDA the Agency Funding (“Property”) is developed as residential property (“Project”) with certain units regulated in accordance with laws, rules and regulations regarding the use of CDBG and other funds for the benefit low-income persons (“CDBG-Restricted Units”) by recordation of these CDBG and Other Funding Restrictions as covenants running with the land. Restricted Units are made affordable by such regulation to persons and households that qualify as low-income.

**2. AFFORDABILITY REQUIREMENTS.** Affordability requirements are established by the Rules and Regulations for the Administration of the Low-Income Housing Fund of the City of Sacramento (adopted by Resolution 93-056 of the City Council of Sacramento, California, on February 9, 1993). Owner shall assure that all of the Restricted Units shall be sold at or below the following rates (“Affordable Price”):

a. Low-Income Units shall be sold for amounts that do not exceed housing expense payments of thirty-five percent (35%) of eighty percent (80%) of the of the Sacramento Metropolitan Statistical Area median income (“Median Income”), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

b. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of Restricted Units by address as stated in the Regulatory Agreement.

c. Owner shall be responsible to determine the affordable amounts for the Restricted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable amounts and will assist Owner in determining such affordable amounts.

3. **OCCUPANCY REQUIREMENTS.** Owner shall assure that all Restricted Units shall be occupied by households earning less than eighty percent (80%) of Median Income (“Qualified Occupant”).

4. **UNIT QUALITY.** Owner shall assure that Restricted Units must be comparable in size and amenities to other units in the Project.

5. **TERM.** These covenants shall burden and regulate eight (8) of the Restricted Units. Of these regulated homes, a minimum of four (4) will be restricted for a term of forty-five (45) years and the remainder of the regulated homes will be restricted for a term of fifteen (15) years, as jointly agreed upon by Owner and Agency prior to the sale of each restricted unit.

6. **PROHIBITION ON NON-QUALIFYING SALE; AGENCY ACCEPTANCE OF QUALIFYING SALE.** For the term of this Regulatory Agreement, Owner is prohibited from selling the Restricted Unit to a buyer who is not purchasing as an owner-occupant or who is not a Qualified Occupant and from selling the Restricted Unit at a price that more than an Affordable Price. *No sale of the Restricted Unit is valid unless and until the Agency has accepted the sale as conforming to this Section 6.* In any event, the resale restrictions shall continue in full force and effect for the term stated in Section 5.

### Exhibit 3

#### INDIVIDUAL REGULATORY AGREEMENT FORM

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code 27383  
When recorded, return to:  
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
801-12th Street  
Sacramento, CA 95814  
Attn: Portfolio Management

#### INDIVIDUAL REGULATORY AGREEMENT FOR HOMEOWNERSHIP PROPERTY INCLUDING COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND

<b>PROJECT NAME:</b>	Del Paso Nuevo VI
<b>PROJECT ADDRESS:</b>	Street Address, Sacramento, California

**NOTICE: THIS INDIVIDUAL 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.**

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#### ARTICLE I TERMS AND DEFINITIONS.

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

- 1. GENERAL.** This Individual Regulatory Agreement, in addition to Exhibits listed below includes Article II General Provisions, which is attached to and incorporated in this Individual Regulatory Agreement by this reference.
- 2. DEFINITIONS.** The capitalized terms in this Individual Regulatory Agreement shall have the meanings assigned in Article I General Terms and as defined in Article II General Provisions. (Terms being defined are indicated by quotation marks. References in the attached Article II General Provisions to the Regulatory Agreement are to this Individual Regulatory Agreement.)

<b>TERM</b>	<b>DEFINITION</b>
“Effective Date”	This Individual Regulatory Agreement shall be effective as of the following date (which is the date for recordation of the Developer Regulatory Agreement under which this is issued):
“Agency”	Housing Authority of the City of Sacramento A public body corporate and politic
“Owner”	
“Agency Address”	801-12th Street, Sacramento, California 95814
“Owner Address”	
“Jurisdiction”	City of Sacramento
“Property”	That certain real property which is subject to this Individual Regulatory Agreement as further described in the legal description, attached as <b>Exhibit 1 – Legal Description</b> and incorporated in this Individual Regulatory Agreement by this reference

“Disposition and Development Agreement”	The Disposition and Development Agreement (“DDA”) by and between Developer and Agency for the construction of 72 single-family homes in the Del Paso Nuevo Phase VI development.	Developer executed a Promissory Note in the amount of \$280,000.00 for the land and is obligated by and agreed to perform pursuant to the DDA by and between Sacramento Housing and Redevelopment Agency dated December 7, 2016.
“Agency Funding”	(1) Land acquisition financing.	
“Funding Amount”	The amount of the Agency Funding, as follows:	\$20,000.00 per lot seller carry-back financing plus accrued interest to be repaid at time of home sale to the initial owner occupant homebuyer.
“Funding Source”	The source of the funds that Agency has used to provide the financing, as follows:	CDBG, Tax Increment and other sources for land acquisition;
“Funding Requirements”	The legal restrictions on the use of the funds used to make the loan, as applicable to and restricting the Property. The Funding Requirements are set out in <b><u>Exhibit 2 – Funding Requirements</u></b>	
	"Affordability Level"	80% Area Median Income (AMI) or below.
“Individual Regulatory Agreement”	This agreement containing conditions, covenants and restrictions running with the land and restricting the use and resale of the Restricted Unit as provided in this Individual Regulatory Agreement.	
“Original Purchase Price”	Purchase price paid by the first Owner under this Regulatory Agreement to buy the Property from the developer of the Property.	Amount: _____
“Restricted Unit”	The Property.	
“Approved Use”	The only permitted use of the Property, which is as a single residential housing unit used solely for owner occupancy.	

3. **SALE RESTRICTED.** 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 and (b) that the purchaser of the Property has acknowledge and accepted the Individual Regulatory Agreement. For purposes of determining such compliance, the sales price is the 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.

4. **UNIT ASSISTANCE.** For all purposes of this Regulatory Agreement, the funding provided, if any, for this respective Restricted Housing Unit shall be as specified for “Unit Assistance”, above.

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

**OWNER:**

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

Approved as to form:

\_\_\_\_\_  
Owner Counsel

**AGENCY:**

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,  
A PUBLIC BODY, CORPORATE AND POLITIC

By: \_\_\_\_\_  
La Shelle Dozier, Executive Director

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

Approved as to form:

\_\_\_\_\_  
Agency Counsel

## Regulatory Agreement - Article II General Provisions

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1. **REPRESENTATIONS.** Agency has provided assistance to develop the Property, subject to the terms of the Disposition and Development Agreement. This Regulatory Agreement is a substantial part of the consideration to Agency for entering into that Agreement. The funds used by Agency to assemble and acquire the properties necessary for the development of Del Paso Nuevo VI are funds 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 proceeded with Del Paso Nuevo VI in accordance with the laws, rules and regulations to which Agency is subject. Therefore, Agency has conveyed the property pursuant to the Disposition and Development Agreement 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 DDA. 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.

2. **COVENANTS.** Owner makes the following covenants. Unless Owner has received the prior written consent or Agency approval 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 use and permit others to use the Property only for the Approved Use.

b. Owner shall assure full compliance with the Funding Requirements.

c. Owner shall not transfer or encumber any of the Property or permit the conveyance, transfer, or encumbrance of the Property unless such assignee, transferee or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement.

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 Del Paso Nuevo Specific Plan.

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 race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale 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 or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

3. **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 this Regulatory 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.

a) **SUPERCEDING EXISTING COVENANTS, CONDITIONS, & RESTRICTIONS.** This Regulatory Agreement shall supersede any covenants, conditions and restrictions that have been previously recorded by, or on behalf of, the Agency against the Property.

4. **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, the terms stated in the Funding Requirements, have expired or otherwise been terminated.

5. **TERMINATION IN EVENT OF FORECLOSURE OR INVOLUNTARY SALE.** This Regulatory Agreement and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of: (a) a foreclosure by the senior lender of the lien of a deed of trust on the Property or delivery of a deed in lieu of foreclosure pursuant to which the senior lender, trustee or a purchaser or transferee shall take possession of the Property, or (b) foreclosure or delivery of a deed in lieu of foreclosure whereby a third party (other than the Owner or any related person of the Owner) shall take possession of the Property, or (c) involuntary non-compliance with the provisions of this Regulatory Agreement caused by fire, condemnation, involuntary seizure of the Property by a local, state or federal agency, requisition, or a similar event. The term "senior lender" shall mean a lender with a lien of a deed of trust on the Property that is senior to the Agency's Regulatory Agreement deed of trust by the order of recording or by the terms of a subordination agreement. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

6. **MULTIPLE FUNDING REQUIREMENTS.** If more than one form of Funding Requirements is attached, each Restricted Unit shall be subject to the Funding Requirements for every Funding Source applied to the respective Restricted Unit. If the terms of the Funding Requirements shall conflict as to any Restricted Unit, the Funding Requirements shall be construed so as to meet all applicable requirements for the respective Restricted Unit, including without limitation the use of the most restrictive requirements and the use of the "Recapture" formula that results in the greatest repayment to the Agency.

7. **RECORDKEEPING AND REPORTING.** Upon request of Agency, Owner shall promptly provide any additional information or documentation requested in writing by the Agency 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 upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operations, and condition of the property and the status of the Deeds of Trust.

8. **AUDIT AND INSPECTION.** The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related papers 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.

9. **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 or 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.

10. **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 without 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.

11. **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. 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 this Regulatory 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 DDA for a default under the DDA and (b) apply to any court for specific performance of this Regulatory Agreement, for an injunction against any violation of this Regulatory 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, since the injury to the 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.

12. **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.

13. **CONTRADICTORY AGREEMENTS.** Owner warrants that he has not, and will not, execute any other agreement with provisions contradictory of or in 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 set forth and supersede any other requirements in conflict with this Regulatory Agreement.

14. **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 other party.

15. **SEVERABILITY.** The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions.

16. **ELECTION OF REMEDIES.** To the extent applicable, in the event of any breach of the covenants, conditions and restrictions contained in this Regulatory Agreement, the Agency shall reasonably endeavor to remedy such breach by conference and conciliation. If, in the opinion of Agency, the Agency and Owner are unable mutually to agree upon a suitable remedy or the circumstances so warrant, such breach may be enjoined or abated by appropriate proceedings brought by the Agency.

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. The remedies of the Agency under this Regulatory Agreement are cumulative, and the exercise of one or more of such remedies, 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. **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.

18. **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.

**EXHIBIT 1**  
**LEGAL DESCRIPTION**

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

Lot \_\_\_\_, as shown on the “Final Map of Del Paso Nuevo Phase 6”, filed June 19, 2014, in Book 383 of Maps, at page 2001, records of said County.

A.P.N. \_\_\_\_\_

**EXHIBIT 2**  
**FUNDING REQUIREMENTS**

**TAX INCREMENT FUNDING REQUIREMENTS FOR HOUSING ASSISTED WITH TI HOUSING FUNDS**

These “TI Funding Requirements” are incorporated in the “Regulatory Agreement” to which they are attached. In turn, the Regulatory Agreement is incorporated in the Funding Agreement referenced in the Regulatory Agreement. Pursuant to the Funding Agreement, the Regulatory Agreement (with these TI Funding Requirements) is recorded against the properties assisted with the “Agency Funding” provided under the Funding Agreement. [The capitalized terms used in these TI Funding Requirements shall have the meanings stated below. Terms being defined are indicated by quotation marks. Capitalized terms that are not defined in these TI Funding Requirements are defined in the Regulatory Agreement.]

1. **RECITALS.** Agency acquired the project from the former Redevelopment Agency of the City of Sacramento through Housing Asset Transfer approved by the California Department of Finance. The former redevelopment agency was a redevelopment agency organized and operating under the California Community Redevelopment Law (commencing at Health & Safety Code Section 33000).

a. Agency has provided the “Agency Funding” from proceeds of the “Housing Fund” (as defined in Health & Safety Code Section 33334.3) for the “Project Area” named in the Regulatory Agreement and Funding Agreement. The Agency Funding is subject to the provisions of the redevelopment plan for the Project Area and the California Community Redevelopment Law.

b. Agency has approved the Agency Funding on condition that the “Property” named in the Funding Agreement is rehabilitated or developed as the “Project,” as residential property for sale to owner-occupants, and that certain Project housing units are regulated in accordance with Health & Safety Code Section 33487. Such regulation is accomplished by recordation of the Regulatory Agreement with these TI Funding Requirements as covenants running with the land, in accordance with Health & Safety Code Section 33334.3(e). The purpose of such regulation is to make the regulated units affordable to persons and households that qualify as low-income, in accordance with Health & Safety Code Section 33334.2.

c. The development of the Project benefits and serves the Project Area, and the Project will provide housing for persons who work within the Project Area.

2. **TERM.** These covenants shall burden and regulate the Restricted Unit for forty-five (45) years.

3. **AFFORDABILITY REQUIREMENTS.** In consideration of Agency’s use of the Agency Funding to fund a seller carry-back loan used for the purchase of the Restricted Unit at its fair market value (“Owner’s Purchase Price”), the sale of the Restricted Unit is restricted for the term of the Regulatory Agreement.

a. **SALE.** If Owner elects to sell the Restricted Unit (“Resale”), Owner shall assure that the Restricted Units shall be sold for a price (“Resale Price”) or below the following “Affordable Price” to a household whose income does not exceed the maximum income:

Low-Income Restricted Units shall be sold for amounts, the payments for which do not exceed thirty percent (35%) of eighty percent (80%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

## **CDBG AND OTHER FUNDING REQUIREMENTS**

### **COMMUNITY DEVELOPMENT BLOCK GRANT RESIDENTIAL PROJECT**

These Funding Requirements are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the DDA (“DDA”) that is described in the Regulatory Agreement. [The capitalized terms used in these CDBG and Other Funding Requirements shall have the meanings below in the body of these CDBG and Other Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these CDBG and Other Funding Requirements that are not defined below are defined in the Regulatory Agreement.]

1. **RECITALS.** The Agency Funding is from proceeds of the Community Development Block Grant (“CDBG”) and other funds. The Agency has approved the Agency funding on condition that the property described in the DDA the Agency Funding (“Property”) is developed as residential property (“Project”) with certain units regulated in accordance with laws, rules and regulations regarding the use of CDBG and other funds for the benefit low-income persons (“CDBG-Restricted Units”) by recordation of these CDBG and Other Funding Restrictions as covenants running with the land. Restricted Units are made affordable by such regulation to persons and households that qualify as low-income or very low-income as indicated in the table in Article I.
2. **AFFORDABILITY REQUIREMENTS.** Owner shall assure that the Restricted Units shall be sold at or below the following rates:
  - a. Low-Income Units shall be sold for amounts that do not exceed housing expense payments of thirty-five percent (35%) of eighty percent (80%) of the Sacramento Metropolitan Statistical Area median income (“Median Income”), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective CDBG-Restricted Unit.
  - b. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of CDBG-Restricted Units by address as stated in the Regulatory Agreement.
  - c. Owner shall be responsible to determine the affordable amounts for the Restricted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable amounts and will assist Owner in determining such affordable amounts.
3. **OCCUPANCY REQUIREMENTS.** Owner shall assure that all Restricted Units assisted with CDBG and other funds shall be occupied by households earning less than eighty percent (80%) of Median Income.
4. **TERM.** These covenants shall burden and regulate the Restricted Unit assisted with CDBG and/or other funds for a term of fifteen years.

## **EXHIBIT 5: Grant Deed**

NO FEE DOCUMENT:

Entitled to free recording  
per Government Code §§6103 and 27383.

Recording Requested by the  
SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street  
Sacramento, California 95814  
Attention: Portfolio Management

Mail Tax Statements to:  
Del Paso Homes, Inc.  
4120 Douglas Boulevard  
Granite Bay, CA 95746

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### **GRANT DEED**

(WITH REVESTMENT PROVISIONS, COVENANTS, RESTRICTIONS AND RESERVATIONS)

For valuable consideration, receipt of which is hereby acknowledged,

The Housing Authority of the City of Sacramento, a public body, corporate and politic, successor to the Redevelopment Agency of the City of Sacramento (the "Grantor"), acting to carry out the Redevelopment Plan, (the "Redevelopment Plan"), for the former Redevelopment Project known as the Del Paso Heights Project Area, the ("Project"), under the Community Redevelopment Law of California, hereby grants to Del Paso Homes, Inc., (the "Grantee"), the real property, (the "Property"), described in Exhibit 1- Legal Description which is attached to, and incorporated in this Deed by this reference, 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.

The Property is conveyed in accordance with, and subject to, (i) the former Del Paso Heights Redevelopment Plan which was adopted by the City Council of the City and duly recorded in the Office of the County Recorder of Sacramento County, California; and (ii) the Disposition and Development Agreement (the "Disposition and Development Agreement") entered into by and between Grantor and Grantee on December 7, 2016.

The Grantee covenants and agrees that the Property shall be devoted only to the uses specified in the applicable provisions of the former Redevelopment Plan for the Project (including all Redevelopment Plan amendments, except amendments from which Grantee may be exempt by the doctrine of vested rights), this Deed and any and all instruments recorded pursuant to the Disposition and Development Agreement, including such Agreement, duly recorded by Grantor and affecting the Property. The Property is conveyed to Grantee at a purchase price (the "Purchase Price") determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees that the Grantee, such successors and such assigns shall develop, use, and maintain the Property as follows: new construction of single family homes, 51% of which are to be sold to households with incomes not exceeding eighty percent (80%) of the Area Median Income (AMI).

1. Grantee acknowledges and agrees that the Property shall be subject to the Regulatory Agreement between Grantor and Grantee, recorded on the Property promptly following recordation of this Grant Deed.

1.1. 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.

1.2. 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.

1.3. 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 revest 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 revest 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 revest 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 revested 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 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 reversion 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 development and not for speculation in undeveloped land and that such development is a material element of the consideration received by Grantor for the Property.

3. The Grantee covenants and agrees that:

3.1. There shall be no discrimination against or segregation of any person on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for itself, its 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. The foregoing covenants shall run with the land.

All advertising (including signs) for sale and/or rental of the whole or any part of the Property shall include the legend "Equal Opportunity Houser" in type or lettering of easily legible size and design. The word "Project" or "Development" may be substituted for the word "Houser" where circumstances require such substitution.

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 the date of recordation in the official records of Sacramento County, except that the covenants against discrimination contained in Section 3 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 of 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.

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 December 7, 2016.

Housing Authority of the City of Sacramento  
a public body, corporate and politic

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

Del Paso Homes, Inc. , a California Corporation

By: \_\_\_\_\_  
John Griffin, President

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

## EXHIBIT 6: Del Paso Homes Workforce Development Plan

North State Building Industry Foundation's (NSBIF)  
Del Paso Homes Workforce Development Plan  
Work and Live in Del Paso Nuevo

**Purpose:** The Del Paso Homes Inc. is interested in fulfilling its obligation to facilitate the employment of residents of the Del Paso Area (zip code 95838 a subset of Sacramento City Council District 2) in construction companies it subcontracts with to do the work as illustrated in the table below.

SECTION 3 EMPLOYMENT GOALS		
Who Must Comply	Area of Focus	Goal
Contractors	New Hires and Trainees	30% of new hires
Any Tier Subcontractors	New Hires and Trainees	30% of new hires
SECTION 3 SUB-CONTRACTING GOALS		
Who Must Comply	Area of Focus	Goal
Building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction	Subcontract Awards	At least 10 percent of the total dollar amount of all contracts
Any Tier Subcontractors	Subcontract Awards	At least 10 percent of the total dollar amount of all contracts
All other Section 3 covered contracts		At least three (3) percent of the total dollar amount

**Background:** Del Paso Homes Inc. is a privately held local (Sacramento Area) home builder which specializes in infill urban and suburban projects in both the affordable and market rate arena. Del Paso Homes' management team has over 100 years of experience in the home building industry in California and neighboring states, and has been active in the design, construction and sale of over 5,000 homes.

The NSBIF is a 501(c)(3) non-profit organization dedicated to meeting the workforce needs of the construction industry. Created in 2007 by the North State Building Industry Association the NSBIF has successfully recruited and placed hundreds of people in construction and other related industries in the greater Sacramento region.

**Project Goal:** By 12/31/17 working with the NSBIF, the Del Paso Homes Inc. plans to recruit, place, and retain 20 residents into construction related employment for at least six months.

**Project Objectives:**

Objective # 1: By 5/31/17 NSBIF will have collected 40 job requests from Del Paso Homes, Inc. subcontractors.

Objective #2: By 6/30/17 recruit 60 residents to fill out employment applications.

Objective #3: By 7/31/17 have placed 30 residents into construction employment.

Objective #4: By 3/31/18 20 residents will still be employed by the construction companies.

**Issues that impact successful employment:** The following are some issues that have to be addressed with employers and applicants to ensure the best possible outcomes of this effort.

- Employers not prepared to work with new hires with no experience.
- New hires enter employment not understanding the nature of the work only to find out that they are not suited for the job for which they have been hired.
- Applicants test positive for drug use.

## Project Implementation:

### A. Project Setup:

1. By 10/31/16 Del Paso Homes staff and NSBIF staff will have worked out a schedule and agreed on an approach to matching, follow-up and retention services.
2. By 11/30/15 Del Paso Homes staff and NSBIF staff will have worked out data collection content, process, and reporting schedule.

### B. Identify Hiring Needs of Contractors:

1. By 01/31/17 have developed promotional materials and agreement forms.
2. By 03/31/17 have met with 20 contractors explaining the program and have an agreement to hire Del Paso residents. Note: If contractors are currently hiring, these requests will be taken and efforts made to match Del Paso residents immediately.
3. By 5/31/17 have collect 40 job requests. Note: the effort will try and identify and fill any job requests throughout the year.

### C. Recruit Applicants

1. By 11/30/16 have developed promotional materials.
2. By 5/31/17 have attended six Del Paso Community events promoting the hiring program
3. By 5/31/17 have contacted 25 churches, community based organizations, and public agencies 10 times promoting the hiring program.
4. By 5/31/17 have made 10 speeches to students, counselors, and residents at schools, community based organizations, and churches.
5. By 5/31/17 have 60 resident applications in the database.

### D. Match Applicants to Employment Opportunities

1. By 3/30/17 have developed an orientation for applicants.
2. By 7/31/17 120 people have attended the orientation.
3. By 12/31/16 have placed 5 people into jobs.
4. By 7/31/17 have placed another 25 people into jobs.
5. By 7/31/17 have assisted those who do not want to apply for a construction position other information about SETA One Stop Services, other training opportunities, and referred to other employment opportunities.

### E. Follow-up, Retention, and Replacement Services

1. By 4/40/17 have developed a new hire manual for employers including tips on dealing with folks who have never worked in construction.
2. By 6/30/17 have held three workshops with employers on hiring and retaining new employees.
3. Make 30, 60, 90, 120, 150, 180 day follow-up contacts on residents placed into employment.
4. By 12/31/17 offer 10 people previously placed new training and/or employment opportunities.
5. By 12/31/17 have provided contractors 50 hours of technical assistance.

### F. Administration, Evaluation, and Reporting.

1. Starting in 01/01/17 and ending 12/31/17 NSBIF & Del Paso Housing Inc. staff will have met monthly to evaluate results and adjust plans.
2. By 12/31/17 NSBIF, Del Paso Housing Inc. staff & Council District 2 representative will meet quarterly (October 2016, January 2017, April 2017, July 2017, October 2017, & December 2017) to evaluate results and adjust plans.
3. By 12/31/17 NSBIF & Del Paso Housing Inc. staff will meet with employers quarterly to assess results and adjust plans.
4. By 12/31/17 NSBIF & Del Paso Housing Inc. staff will have developed monthly progress reports and annual reports.

### G. Work Schedule: Attachment A

### H. NSBIF Staff Hourly Projections: Attachment B

Attachment A: Work Schedule

A. Del Paso Homes Workforce Development Proposal: Work and Live in Del Paso Project Schedule as of 09.27.16																					
Due Date	Date Completed	2016					2017														
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
<b>A. Project Setup:</b>																					
1 Develop schedule and work out process	10/16/16		○	○	○																
2 Develop data collection & reporting system	11/30/16																				
<b>B. Identify Hiring Needs of Contractors:</b>																					
1 Developed promotional materials and agreement forms.	01/31/17																				
2 Met w/ 20 contractors and finalized agreement	03/31/17																				
3 Collect 40 job requests	05/31/17																				
<b>C. Recruit Applicants</b>																					
1 Develop promotional materials.	11/30/16																				
2 Attend six Del Paso Community events	05/31/17																				
3 Contact 25 churches, CBOs and public agencies 10 times	05/31/17																				
4 Make 10 speeches at schools, CBO's, & Public Agencies	05/31/17																				
5 Post 60 resident applications in the database.	05/31/17																				
<b>D. Match Applicants to Employment Opportunities</b>																					
1 Develop job fair orientation for applicants.	03/30/17																				
2 120 people have attended the job fair orientation.	07/31/17																				
3 5 people placed into jobs.	12/31/16																				
4 Another 25 people Placed into jobs.	07/31/17																				
5 Refer non-selects to other opportunities	07/31/17																				
<b>E. Follow-up, Retention, and Replacement Services</b>																					
1 Develop a new hire manual for employers	04/30/17																				
2 Held three workshops with employers	06/30/17																				
3 Make 30, 60, 90, 120, 150, 180 day follow-up	12/31/17																				
4 Replace 10 people in new employment et al	12/31/17																				
5 Provide contractors 50 hours of technical assistance.	12/31/17																				
<b>F. Administration, Evaluation, and Reporting.</b>																					
1 12 NSBIF & Del Paso Housing Inc. staff monthly meetings	12/31/17																				
2 6 Council mtgs with Project staff	12/31/17																				
3 6 Project staff mtgs w/ Council District 2 rep	12/31/17																				
4 8 Monthly Progress Reports & 2016 & 2017 Report	12/31/17																				
5 Have developed a 2018 plan	12/31/17																				

Attachment B: NSBIF Staff Hourly Projections

	Ex Director	Job Developer	Case Manager	Program Administrator	Intern	Total Hours	Hrs
<b>A. Project Setup:</b>							52
1 Develop schedule and work out process	4	4	4	8	4	24	
2 Develop data collection & reporting system	4	4	4	8	8	28	
<b>B. Identify Hiring Needs of Contractors:</b>							199
1 Developed promotional materials and agreement forms.	1	1	1	8	4	15	
2 Met w/ 20 contractors and finalized agreement	4	20	4	4	4	36	
3 Collect 40 job requests	4	80	4	20	40	148	
<b>C. Recruit Applicants</b>							146
1 Develop promotional materials.	1	1	1	3	1	7	
2 Attend six Del Paso Community events	2	8	8		8	26	
3 Contact 25 churches, CBOs and public agencies 10 times	1	1	16	8	16	42	
4 Make 10 speeches at schools, CBO's, & Public Agencies	1	2	8	8	8	27	
5 Post 60 resident applications in the database.	1	3	8	8	24	44	
<b>D. Match Applicants to Employment Opportunities</b>							295
1 Develop an orientation for applicants.	2	4	4	4		14	
2 120 people have attended the orientation.	2	4	16	8	16	46	
3 5 people placed into jobs.	1	8	24	1		34	
4 Another 25 people Placed into jobs.	1	40	120	6		167	
5 Refer non-selects to other opportunities			10	4	20	34	
<b>E. Follow-up, Retention, and Replacement Services</b>							174
1 Develop a new hire manual for employers	2	4	2	8		16	
2 Held three workshops with employers	8	8	4	6		26	
3 Make 30, 60, 90, 120, 150, 180 day follow-up	2	4	8	8	32	54	
4 Replace 10 people in new employment et al		10	12	6		28	
5 Provide contractors 50 hours of technical assistance.		15	20	15		50	
<b>F. Administration, Evaluation, and Reporting.</b>							120
1 12 NSBIF & Del Paso Housing Inc. staff monthly meeting	12	12	12	12		48	
2 6 Project staff mtgs w/ Council District 2 rep	6	6		6		18	
3 6 meetings with employers	6	6	6	6		24	
4 18 Monthly Progress Reports & 2016 & 2017 Report	12			36	36	84	
5 Develop 2018 Plan	12			18		30	
<b>G. Totals</b>	<b>89</b>	<b>245</b>	<b>296</b>	<b>219</b>	<b>221</b>	<b>1070</b>	<b>986</b>

**ACQUISITION LOAN AGREEMENT  
(SELLER CARRY-BACK LOANS)**

**DEL PASO NUEVO PHASE VI**

**72 FINISHED LOTS**

**ARTICLE I TERMS AND DEFINITIONS:**

“EFFECTIVE DATE”	December 7, 2016	Which is the date as of which this Loan Agreement shall be effective.
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**LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE.** This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and Definitions and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan, as the context may indicate.) The Lender is making the full Loan Amount over five (5) separate phases, in each case as an acquisition loan agreement (seller carry-back loans), and each phase to be represented by a separate promissory note and deed of trust, all pursuant to the terms and conditions of this Loan Agreement.

**NOW, THEREFORE**, in consideration of their mutual promises, the parties agree as follows:

<b>A. “Loan Information”</b> The general loan provisions of the Loans		
“LENDER”	The following public agency that is making the Loans, and whose legal status and address are:	
Name	Housing Authority of the City of Sacramento	
Legal Status	A public body, corporate and politic	
Principal Address	801 12th Street, Sacramento, CA 95814	
“BORROWER”	The borrower of the Loan funds whose name, legal status and address are:	
Name	Del Paso Homes, Inc.	
Legal Status	A California corporation	
Principal Address	4120 Douglas Boulevard #306-375, Granite Bay, CA 95746	
“LOAN”	The Loans made by this Loan Agreement.	
“LOAN PROGRAM”	Lender’s Loan Program – N/A	Seller Carry-back Loans
“LOAN AMOUNT”	One Million Four Hundred Forty Thousand Dollars and No Cents (\$1,440,000.00) total loan amount under separate Promissory Notes including separate promissory notes for each phase of lots conveyed at \$20,000.00 per lot. Phase 1 will include 14 lots totaling \$280,000.00. Phase 2 will include 15 lots totaling \$300,000.00. Subsequent lots will be released in mutually agreed upon phases of up to 15 lots and each note amount will correspond to the number of lots conveyed in the phase multiplied by the \$20,000.00 prorated price per lot as further described in the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with this Loan Agreement.	
“INTEREST RATE”	The interest rate is Four Percent (4.0%) per year, simple interest.	
“MATURITY DATE”	For each Promissory Note, the Maturity Date shall be the last day of the 72 <sup>nd</sup> calendar month following the effective date of this Loan Agreement. Notwithstanding the foregoing, in each case, the Maturity Date may be extended upon written request from Borrower and upon mutual agreement, not to exceed 12 months.	
“PAYMENT START DATE”	Payment under each Promissory Note shall be made as each newly constructed home sells to a qualified and eligible owner occupant household pursuant to the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with this Loan Agreement	

[Type text]

"PAYMENT AMOUNT"	For each Promissory Note, the Payment Amount shall be Twenty Thousand Dollars and No Cents (\$20,000.00) plus accrued interest per lot payable from lot transfer close of escrow date to sale of each newly constructed home, until the Promissory Note is paid in full.	
"PAYMENT SCHEDULE"	The unpaid balance of each Note is due and payable on the Note's Maturity Date, including without limitation all unpaid principal, interest, fees and charges.	
"BORROWER EQUITY"	Borrower Equity	The total amount per phase of anticipated utility rebates, minimum Borrower cash equity; and Bank construction financing for each phase as reviewed and approved by Agency prior to conveyance of each phase.
"SPECIAL TERMS"	Multiple Seller Carry-Back loans for phased release of 72 lots of land in Del Paso Nuevo Phase VI being sold at the fair market value of \$20,000 per lot. Fourteen Lots in Phase 1: 41 through 44 and 57 through 66. Fifteen Lots in Phase 2: 8 through 14, 29 through 35 and 72. Lots in Phase will be transferred to Borrower. Each subsequent phase will contain 15 lots unless reduced to 10 or increased to 15 by mutual written agreement between Agency and Developer. Interest on each loan will only accrue on lots actually transferred to the borrower and begin to accrue as of the transfer date. Interest will accrue on each lot within a phase until sold. Repayment will come from close of escrow on the sale of each newly constructed home. Excluding the four model homes in Phase 1, construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least 80% of those homes have been sold. Unpaid principal and interest are due in full upon refinance, sale or end of maturity of each note.	
<b>B. "Collateral" The Collateral securing repayment of the Loan, which Collateral consists of the following</b>		
"PROPERTY"	The following described real property, which is security for each Loan as specified:	
Addresses	3400 Alberghini Street, 3401 Alberghini Street, 3405 Alberghini Street, 3406 Alberghini Street, 3409 Alberghini Street, 3410 Alberghini Street, 3416 Alberghini Street, 3420 Alberghini Street, 3424 Alberghini Street, 3500 Alberghini Street, 3506 Alberghini Street, 3509 Alberghini Street, 3510 Alberghini Street, 3515 Alberghini Street, 3516 Alberghini Street, 3520 Alberghini Street, 3521 Alberghini Street, 3524 Alberghini Street, 3433 Altos Avenue, 705 Fran Barker Avenue, 711 Fran Barker Avenue, 725 Fran Barker Avenue, 735 Fran Barker Avenue, 3500 Harry Block Street, 3501 Harry Block Street, 3505 Harry Block Street, 3506 Harry Block Street, 3509 Harry Block Street, 3510 Harry Block Street, 3515 Harry Block Street, 3516 Harry Block Street, 3519 Harry Block Street, 3520 Harry Block Street, 3523 Harry Block Street, 3524 Harry Block Street, 734 Hayes Avenue, 3500 Jimmy Pope Street, 3501 Jimmy Pope Street, 3505 Jimmy Pope Street, 3509 Jimmy Pope Street, 3515 Jimmy Pope Street, 3516 Jimmy Pope Street, 3519 Jimmy Pope Street, 3520 Jimmy Pope Street, 3523 Jimmy Pope Street, 3524 Jimmy Pope Street, 612 Johnnie Morris Avenue, 618 Johnnie Morris Avenue, 624 Johnnie Morris Avenue, 630 Johnnie Morris Avenue, 631 Johnnie Morris Avenue, 636 Johnnie Morris Avenue, 637 Johnnie Morris Avenue, 642 Johnnie Morris Avenue, 643 Johnnie Morris Avenue, 648 Johnnie Morris Avenue, 649 Johnnie Morris Avenue, 655 Johnnie Morris Avenue, 707 Johnnie Morris Avenue, 711 Johnnie Morris Avenue, 719 Johnnie Morris Avenue, 727 Johnnie Morris Avenue, 733 Johnnie Morris Avenue, 739 Johnnie Morris Avenue, 3400 Louise Williams Street, 3406 Louise Williams Street, 3407 Louise Williams Street, 3412 Louise Williams Street, 3415 Louise Williams Street, 3418 Louise Williams Street, 704 South Avenue, and 3450 Taylor Street, Sacramento, California 95838.	
APNs.	A.P.N. 250-0150-081 through 116 and A.P.N. 250-0210-081 through 116	
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in <b>Exhibit 1: Legal Description</b> attached and incorporated by reference.	
Borrower's Title Interest	Borrower has fee interest in the Property or, if the Additional Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow.	
<b>C. "ESCROW INFORMATION":</b>		
"Title Company" and "Escrow Agent"	Placer Title Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow
"Escrow"	The escrow with Escrow Agent	

[Type text]

“Closing Date”	As to each phase, the estimated date for close of the Escrow and transfer of lots, as the same may be extended by mutual consent of Lender and Borrower.
<b>D. “LIST OF EXHIBITS” (The following are attached and incorporated in this Loan Agreement):</b>	
EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	“Legal Description”
<u>Exhibit 2: Note Forms</u>	“Note”
<u>Exhibit 3: Trust Deed Forms</u>	“Trust Deed”
<u>Exhibit 4: Escrow Instructions</u>	“Escrow Instructions”
<b>D. “APPROVAL DOCUMENTS” Borrower shall submit the following documents for Lender approval</b>	
Construction Agreement(s) for the Project	
Architectural Agreement(s) for the Project	
Borrower’s organizational documents, such as partnership agreements or corporate articles and by-laws	
Evidence of construction financing	
<b>F. “ASSIGNED DOCUMENTS” BORROWER ASSIGNS THE FOLLOWING DOCUMENTS TO LENDER AS SECURITY FOR THE LOAN</b>	
Construction Agreement	
Architectural Agreement	
Subject to the interests of any senior lender, any lease and rental agreements for the Property, or any part of it.	
<b>G. “SPECIAL PROVISIONS” The following special provisions shall be in addition to the provisions of this Loan Agreement.</b>	
The Loans are made pursuant to the Disposition and Development Agreement by and between Borrower and the Housing Authority of the City of Sacramento (“Agency”) dated December 7, 2016 (“DDA”). This Loan Agreement is subject to the DDA including without limitation, conditions precedent to funding nor entering into this Loan or making disbursements of the Loan Proceeds. Lender, herein, has delegated its approval authority to the Agency pursuant to and consistent with the DDA.	
This loan is a seller carry-back loan. No loan funds will be disbursed. Loan shall be used solely for Property acquisition costs.	

**THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT** in Sacramento, California as of the date first written above.

**BORROWER:**  
**DEL PASO HOMES, INC.**  
**A CALIFORNIA CORPORATION**

**AGENCY:**  
**HOUSING AUTHORITY OF THE CITY OF**  
**SACRAMENTO, A PUBLIC BODY, CORPORATE AND**  
**POLITIC**

By: \_\_\_\_\_  
John Griffin, President

By: \_\_\_\_\_  
La Shelle Dozier, Executive Director

Approved as to form:

\_\_\_\_\_  
Borrower Counsel

Approved as to form:

\_\_\_\_\_  
Agency Counsel

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## ARTICLE II LOAN PROVISIONS

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**LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE.** The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I General Terms and as defined in Section 1 of this Article II Loan Provisions. (Terms being defined are indicated by quotation marks.) The Lender is making the Loan pursuant to the Loan Commitment and the terms and conditions of this Loan Agreement.

**NOW, THEREFORE,** in consideration of their mutual promises, the parties agree as follows:

1. **DEFINITIONS.** Terms not defined in Article I and II of this Loan Agreement shall have the definitions assigned in the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with this Loan Agreement. If a definition in Article I refers to an Exhibit that is a document form, the attached document is a true and correct copy of the document referenced. As used in this Loan Agreement, the following terms shall have the following meanings:

1.1. “Approved Loans” means bank loans to Developer, including construction loans and a Permanent Loan (as defined below), related to the construction of the homes, which Approved Loans will be secured by a senior lien against the Property.

1.2. “Business Day” means regularly scheduled business day of the Sacramento Housing and Redevelopment Agency. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

1.3. “Close of Escrow” means, as to each phase and escrow, the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. As to each phase, the Close of Escrow shall occur on its respective Closing Date.

1.4. “Default Rate” is the maximum legal interest rate.

1.5. “Escrow” is the escrow with Title Company for the closing of the Loan.

1.6. “Escrow Instructions” means the Escrow Instructions for the Escrow signed by each of the parties to this Loan Agreement.

1.7. “Event of Default” is breach of or default in a party’s obligations under this Loan Agreement, the Trust Deed, the Note and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan beyond any applicable notice and cure periods.

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

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

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

[Type text]

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

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

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

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

1.15. "Permanent Lender" is the lender for the Permanent Loan.

1.16. "Permanent Loan" means the permanent financing obtained by Borrower through an Approved Loan, which is to be made after completion of construction and which will be secured by a senior lien against the Property.

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

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

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

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

2. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Close of Escrow, as follows:

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

2.2. **BINDING OBLIGATION.** This Loan Agreement, the Note, the Trust Deed, and each of the other Loan Documents each constitutes a legal and binding obligation of, and are valid and enforceable against, each party other than Lender, in accordance with the terms of each.

2.3. **LITIGATION.** To the best of the Borrower's knowledge, there are no actions, suits, or proceedings pending or threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of the Trust Deed, the priority of the lien, or the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

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

[Type text]

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

2.6. **TITLE TO PROPERTY.** Borrower will be the sole legal and beneficial owner of the Property, which is free of all claims, liens, and encumbrances other than those shown in the Title Policy and as otherwise contemplated under this Loan Agreement.

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

2.8. **TITLE OF PERSONALTY.** All Personalty is vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is a valid lien.

2.9. **TAXES PAID.** From and after Borrower's acquisition of the Property, or any part thereof, Borrower has filed or will file all required Federal, State, County, and City tax returns and has paid or will file all taxes due and owing on such acquired Property, or part thereof. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

2.10. **CONSTRUCTION QUALITY.** With respect to improvements made to the Property following Borrower's acquisition thereof, there are no structural defects in the Property that are known to or reasonably should be known to Borrower or its agents and employees, and to the best of Borrower's knowledge, no violation of any Governmental Requirement exists.

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

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

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

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

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

3.4. **NOTE AND SECURITY DOCUMENTS.** The Loan is evidenced by separate Notes, one for each phase, and in each case, executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of each Note is secured by Trust Deed covering the portion of the Property released in each phase. Borrower shall execute, as Trustor, the Trust Deed in favor of the Title Company as Trustee in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan, including each separate Note, is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

3.5. **REGULATORY AGREEMENT.** The Regulatory Agreement associated with each phase imposing covenants, conditions and restrictions running with the land is a material consideration for the making of each phase of the Loan. Borrower shall execute the Regulatory Agreement for each phase prior to Close of Escrow and deliver it to Escrow for recordation.

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

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

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

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

4.4. **ESCROW.** The parties shall open the Escrow for the first phase promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date. Each subsequent phase shall be opened promptly at the time 100% of the homes in the previous phase have been completed and at least 80% of those homes have been sold in the immediately preceding phase (for purposes of determining the lots sold in the first phase, the four model homes shall be excluded).

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

5. **RELOCATION.** Lender is required by law to provide relocation services and make relocation payments to eligible tenants displaced as a result of the Lender's involvement in the Property. Borrower shall comply fully with all relocation laws that are the obligation of Lender or are otherwise applicable to the Property. Borrower's compliance with the relocation requirements as stated in this Section 5 is a material element of this Loan. Borrower's failure to comply with the relocation requirements as stated in this Section 5 is an Event of Default.

5.1. **RELOCATION COSTS.** Unless otherwise stated in this Agreement, any amounts paid by Lender for relocation costs and services shall be considered advances under the Loan.

5.2. **COOPERATION AND ACCESS.** Borrower shall cooperate fully with Lender in complying with such relocation laws, including without limitation, providing Lender 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, Borrower shall meet with Lender to establish reasonable protections for tenants and related reporting requirements for Borrower.

5.3. **BORROWER AS RELOCATION AGENT.** With the approval of Lender, Borrower may act as Lender's agent in accomplishing such relocation. Lender and Borrower by memorandum in writing shall establish their respective duties related to such relocation. If Lender and Borrower agree that Borrower will act as Lender's agent for purposes of this Loan, Borrower may enter into agreements for the provision of relocation services, or Borrower may perform such services directly. Borrower shall, by provisions in its agreements or by direction to its staff, assure that the entity performing the relocation services (a) shall comply with all applicable law, (b) shall fully inform Lender of all relocation activities, (c)

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shall make all requests for direction or clarification to Lender, and (d) shall respond to and follow the Lender's instruction and direction.

6. **ADDITIONAL SECURITY INSTRUMENTS.** Upon request by Lender, Borrower shall execute and deliver to Lender a security instrument in favor of Lender naming as secured property all contracts related to the Property and all other property of any kind owned by Borrower and used primarily in connection with the Property. Lender may require such instrument at any time, and from time to time may require additions of new contracts and other property. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents.

7. **CONDITIONS PRECEDENT TO LOAN DISBURSEMENT.** The obligation of Lender to make any disbursements under this Loan Agreement shall be subject to the following conditions precedent (subject only to the rights of the Permanent Lender):

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

7.2. If requested by Lender, Borrower has furnished to Lender an endorsement to the Title Policy showing no intervening liens or encumbrances on the Property and insuring the full disbursement, together with a satisfactory report under the California Uniform Commercial Code showing no liens or interests in Personalty other than those of Lender and Senior Lender.

7.3. The Property and all fixtures, and furnishings installed on or acquired for the Property are owned by Borrower free of any liens, encumbrance, or other interests of any kind other than Lender's lien or security interest or lien/security interests pertaining to the Senior Loan

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

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

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

7.7. There is no legal action threatened or pending against Borrower or any Additional Collateral.

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

7.8.1. Borrower has obtained and Lender has approved a loan approval from a financial institution (or other lender approved by Lender in its sole discretion) to make the Permanent Loan, which provides (a) that it is subject only to those conditions which are usual and customary in the industry and which can be satisfied by the proposed closing date of the Permanent Loan; (b) that it is in full force with no default by any party; and (c) that Lender will have notice of, and a reasonable opportunity to cure, any Borrower defaults.

7.8.2. The Permanent Lender's commitment to make the Permanent Loan is in full force, has not been modified and no event has occurred that with notice or the passage of time or both could result in the termination of it. Nothing in the Permanent Loan commitment, or submissions and approvals made under it, conflicts with this Loan agreement. Borrower has done all things necessary to keep unimpaired its rights under the Loan Commitment

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

7.8.4. Borrower has provided proof of all insurance required by this Loan Agreement.

7.8.5. A minimum of Eighty Percent (80%) of the homes in the previous phase have been constructed and sold prior to beginning construction on the next successive phase.

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## 8. DEFAULTS

8.1. **EVENTS OF DEFAULT.** Subject to the notice and cure provisions set forth in Section 16 of the Trust Deed, at the option of Lender, each of the following events will constitute a default (each an "Event of Default"):

8.1.1. The occurrence of an Event of Default under the Trust Deed.

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

8.1.3. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the occupancy or use of the Property, unless Borrower has renewed the same or otherwise cured the lapse prior to Agency's issuance of a notice of the default.

8.1.4. The filing of any lien against the Property (except as otherwise contemplated or approved under this Loan Agreement), if the claim of lien continues for sixty (60) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender.

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

## 9. REMEDIES

9.1. **OPTION TO ACT.** Subject to the notice and cure provisions of Section 16 of the Trust Deed, on the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

9.1.1. Terminate its obligation to make disbursements.

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

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

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

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

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

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

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

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

10.1. **INSURANCE PROVISIONS.** Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A+ VII or better, or such other equivalent rating, as may reasonably be approved by Agency's legal counsel. 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.

10.2. **FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, the Lender, after providing Borrower with not less than 7 days notice, Agency shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to the Agency. If Borrower 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.

## 11. MISCELLANEOUS.

11.1. **NONRECOURSE.** Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan, Lender's sole recourse shall be against the Property.

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

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

11.4. **FINANCIAL STATEMENTS.** Borrower shall provide Financial Statements to Lenders, as and when reasonably requested to assure the good status of the Loan and the Property.

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

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

**11.7. NOTICES.** Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above, as well as to those Parties listed in the definition of "Additional Notices" in the Trust Deed by one or more of the following methods. Lender shall give copies of notices required to be delivered to Borrower to those Parties listed in the definition of "Additional Notices" in the Trust Deed provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party.

(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

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

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

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

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

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

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

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

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

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

11.16. **LOAN EXPENSES.** Borrower agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.

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

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

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

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

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

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

11.23. **INDEMNITY.** Except for claims due to Lender's sole negligence or willful misconduct, Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan

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Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, or any portion of it. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note and the reconveyance or partial reconveyance of the Trust Deed.

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

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

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

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

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**EXHIBIT 1: Legal Description**

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

Lots 1 through 72, and Lots A through H, as shown on the “Final Map of Del Paso Nuevo Phase 6”, filed June 19, 2014, in Book 383 of Maps, at page 2001, records of said County.

A.P.N. 250-0150-081 through 116

A.P.N. 250-0210-081 through 116

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**EXHIBIT 2: Note Forms**

**PROMISSORY NOTE**

**DEL PASO NUEVO PHASE VI  
LAND LOAN**

**PHASE 1 (14 LOTS)**

**(LOTS 41 THROUGH 44 AND 57 THROUGH 66)**

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

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

<b>DEFINED TERM:</b>	<b>DEFINITION:</b>
“Effective Date”	December 7, 2016
“Lender”	Housing Authority of the City of Sacramento
“Lender Legal Status”	A public body, corporate and politic
“Borrower”	Del Paso Homes, Inc.
“Borrower Legal Status”	A California corporation
“Loan Agreement”	Acquisition Loan Agreement (Seller Carry-Back Loans) dated December 7, 2016
“Principal Amount”	Two Hundred and Eighty Thousand Dollars (\$280,000)
“Interest Rate”	Four percent (4.0%) simple interest
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: Effective Date.
“Special Terms”	Payments will be due on a per lot basis from net sales proceeds paid out of escrow upon the sale of each newly constructed home.
<b>PAYMENT SCHEDULE.</b> Repayment of this Note shall be made the following amounts:	
“Maturity Date”	The last day of the 72 <sup>nd</sup> calendar month following the Effective Date of the Loan Agreement. Payment shall be upon the closing of the sale of a completed home from the Developer to the eligible buyer on each of the 14 homes or at the Maturity Date, whichever shall occur first in time.
“Payment Start Date”	Payment shall be made as each newly constructed home sells to qualified and eligible owner occupant household pursuant to the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with the Loan Agreement.
“Payment Amount(s)”	Twenty Thousand Dollars and No Cents (\$20,000.00) plus accrued interest per lot payable from lot transfer close of escrow date to sale of each newly constructed home.

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

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under an Acquisition Loan Agreement (Seller Carry-Back Loans) between Borrower and Lender dated as of the Loan Date ("Loan Agreement"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement ("Regulatory Agreement"), the making of which is further consideration for this Note. All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.
2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.
3. This Note is secured by a Deed of Trust with Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the real property is sold, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.
4. Lender and Borrower shall comply with and fulfill the Special Terms.
5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:
  - a. Borrower defaults in the payment of any principal or interest when due.
  - b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
  - c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.
  - d. Borrower defaults or breaches any of the terms of Loan Agreement , the Trust Deed , the Regulatory Agreement or this Note.
  - e. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.
  - f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

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g. The occurrence of any of the following:

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

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

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

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

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

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

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

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

**Borrower:**  
**DEL PASO HOMES, INC., a California corporation**

By: \_\_\_\_\_  
John Griffin, President

Approved as to form:

\_\_\_\_\_  
Borrower Counsel

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

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**EXHIBIT 3: Trust Deed Form**

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code §§6103 and 27383.

When recorded, return to:  
SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Portfolio Management

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**DEED OF TRUST AND ASSIGNMENT OF RENTS**

**Del Paso Nuevo Phase VI**

**Phase 1 (14 Lots)**

**(Lots 41 through 44 and Lots 57 through 66)**

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

TERM		DEFINITION
“Effective Date”		December 7, 2016
“Trustor” and “Borrower”		Del Paso Homes, Inc.
“Borrower Address”		4120 Douglas Boulevard #306-375, Granite Bay, CA 95746
“Trustee”		Placer Title Company
“Beneficiary” and “Lender”		Housing Authority of the City of Sacramento, a public body corporate and politic
“Lender Address”		801 12th Street, Sacramento, CA 95814
“Property”		Which is real property located in the County of Sacramento, California, as more particularly described in the Legal Description.
	Addresses	Lot 41 - 3510 Alberghini Street, Lot 42 - 3516 Alberghini Street, Lot 43 - 3520 Alberghini Street, Lot 44 - 3524 Alberghini Street, Lot 57 - 3523 Jimmy Pope Street, Lot 58 - 3519 Jimmy Pope Street, Lot 59 - 3515 Jimmy Pope Street, Lot 60 - 3509 Jimmy Pope Street, Lot 61 - 3505 Jimmy Pope Street, Lot 62 - 3501 Jimmy Pope Street, Lot 63 - 3500 Jimmy Pope Street, Lot 64 - 3516 Jimmy Pope Street, Lot 65 - 3520 Jimmy Pope Street and Lot 66 - 3524 Jimmy Pope Street
	Assessor’s Parcel Numbers	250-0150-086, 250-0150-087, 250-0150-088, 250-0150-089, 250-0150-102, 250-0150-103, 250-0150-104, 250-0150-105, 250-0150-106, 250-0150-107, 250-0150-108, 250-0150-109, 250-0150-110 and 250-0150-111
“Legal Description”		The Legal Description of the Property which is more particularly described in the attached <b><u>Exhibit 1- Legal Description</u></b> , which is incorporated in and an integral part of this Deed of Trust
“Loan”		Which is Lender’s loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.

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"Loan Agreement"	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan.	
	Which is dated:	December 7, 2016
"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	None.	
"Note"	Which is Borrower's note made in accordance with the Loan Agreement securing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender, with interest.	
	Which has a principal sum of	Two Hundred Eighty Thousand Dollars and no cents (\$280,000.00)

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

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

Together with all the improvements now or subsequently erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

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

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

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note and thereafter to the unpaid principal of the Note.
2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust.
3. Hazard Insurance. Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned

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by Borrower related to Borrower's operation of the Property. Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

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

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

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

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

6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedant, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any portion of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give

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public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale, in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

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

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

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

18. Prior Lienholder. The provisions of this Deed of Trust shall operate subject to the claims of prior lienholders to the extent of such claims.

19. Nonrecourse. Notwithstanding any provision of this Deed of Trust or any document evidencing or securing this Loan, Borrower, and Borrower's principals, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.

21. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.

22. Request for Notice. Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.

23. Statement of Obligation. Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.

24. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.

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

BORROWER (Trustor):

**DEL PASO HOMES, INC., a California Corporation**

By: \_\_\_\_\_  
John Griffin, President

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

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**EXHIBIT 4: Escrow Instructions**

**JOINT ESCROW INSTRUCTIONS  
FOR PURCHASE AND SALE OF LAND AND RELATED AGENCY LOAN  
DEL PASO NUEVO PHASE VI  
Phase 1**

“Effective Date”	December 7, 2016
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Agency and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the sale of the property by Agency, related Agency Seller Carry-back Loan secured by the Property, and the purchase of the Property by Borrower as buyer.

**ARTICLE I. GENERAL TERMS.**

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

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

<b>“Title Company”</b>	Placer Title Company		
	<b>Address:</b>	301 University Avenue, Suite 120, Sacramento, CA 95825	
<b>“Escrow” with Title Company</b>	<b>Escrow Number:</b>	404-11141	<b>Attention:</b> Jenny M. Vega
	<b>“Agency”</b>	Housing Authority of the City of Sacramento A public body corporate and politic	
	<b>Address:</b>	801 12 <sup>th</sup> Street, Sacramento, CA 95814	
	<b>Attention:</b>	Anne Nicholls	
<b>“Borrower”</b>	Del Paso Homes, Inc.		
	<b>Address:</b>	4120 Douglas Boulevard #306-375, Granite Bay, CA 95746	
	<b>Attention:</b>	John Griffin	
<b>“Closing Date”</b>	December 8, 2016 or as may be extended by mutual agreement.		
<b>“Property”</b>	<b>Address:</b>	Lot 41 - 3510 Alberghini Street	<b>APN:</b> 250-0150-086
		Lot 42 - 3516 Alberghini Street	250-0150-087
		Lot 43 - 3520 Alberghini Street	250-0150-088
		Lot 44 - 3524 Alberghini Street	250-0150-089
		Lot 57 - 3523 Jimmy Pope Street	250-0150-102
		Lot 58 - 3519 Jimmy Pope Street	250-0150-103
		Lot 59 - 3515 Jimmy Pope Street	250-0150-104
		Lot 60 - 3509 Jimmy Pope Street	250-0150-105
		Lot 61 - 3505 Jimmy Pope Street	250-0150-106
		Lot 62 - 3501 Jimmy Pope Street	250-0150-107
		Lot 63 - 3500 Jimmy Pope Street	250-0150-108
		Lot 64 - 3516 Jimmy Pope Street	250-0150-109
		Lot 65 - 3520 Jimmy Pope Street	250-0150-110
		Lot 66 - 3524 Jimmy Pope Street	250-0150-111

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<b>Description of the transaction</b>	This transaction consists of the first phase of transfer of land from Agency to Borrower, and the entry by Borrower into certain loan with the Agency secured by the Property, as well as related development and regulatory agreements. This is a market-rate purchase which is being financed by the Borrower's entry into a new loan ("SHRA Land Loan") for the purchase of 14 parcels in Del Paso Nuevo Phase VI, as described in the Disposition and Development Agreement (DDA). The SHRA Land Loan will be subordinate to a loan from a Bank for the construction of 14 homes ("Bank Construction Loan") which will also be secured by the property in senior position to the SHRA Land Loan. The SHRA Land Loan is a seller carry-back loan by the Housing Authority of the City of Sacramento as successor to the Borrower for the land in the amount of \$280,000. There are deeds of trust to be recorded for the SHRA Land Loan and Bank Construction Loan, and a Regulatory Agreement for the SHRA land loan. Additionally, the DDA is to be recorded against all 72 parcels Del Paso Nuevo Phase VI as specified.		
<b>"Recorded Documents"- recorded in the order listed (top being first in priority).</b>	<b>Documents:</b>	<b>Marked for return to:</b>	
	1. Grant Deed (14 lots) 2. Disposition and Development Agreement (72 lots) 3. Regulatory Agreement (14 lots) 4. Deed of Trust – SHRA Land Loan (14 lots)	Housing Authority of the City of Sacramento Attn: Anne Nicholls	
<b>"Agency Items"</b>	Promissory Note for SHRA Land Loan (14 parcels)		
	SHRA Land Loan (14 parcels)		
	Disposition and Development Agreement (72 parcels)		
	Regulatory Agreement (14 parcels)		
<b>"Borrower Items"</b>	Promissory Note for Bank Construction Loan (14 parcels)		
<b>"Special Provisions":</b>	Agency Title Policy shall, in addition to customary endorsements, bear the following endorsements: <ul style="list-style-type: none"> <li>• ALTA 102.5 Foundation Endorsement</li> <li>• ALTA Rewrite upon project completion</li> <li>• CLTA 124.1</li> </ul>		
<b>"Agency Title Policy" in the form of an ALTA Agency's Policy insuring the following:</b>	<b>Documents:</b>	<b>Coverage amount:</b>	
	Regulatory Agreement and Trust Deed – 14 lots Disposition and Development Agreement – 72 lots	In the amount of the secured SHRA Land Loan (\$280,000.00)	
<b>"Borrower Title Policy":</b>	CLTA Standard Owner Policy insuring title to the Property is held in the Borrower's name	<b>Coverage amount:</b> Purchase price of land (\$280,000.00)	
<b>The title policies shall be subject to the following</b>	Items 1 through 27 of Title Company's Preliminary Report for the Escrow. All other items no longer apply and are to be removed from title.	<b>Dated:</b>	September 13, 2016
		<b>Number:</b>	P-122135 (Update Version 3)

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

**BORROWER:**  
**DEL PASO HOMES, INC., A CALIFORNIA CORPORATION**

**AGENCY:**  
**HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,**  
**A PUBLIC BODY, CORPORATE AND POLITIC**

By: \_\_\_\_\_  
 John Griffin, President

By: \_\_\_\_\_  
 La Shelle Dozier, Executive Director

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## ARTICLE II. INSTRUCTIONS

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

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

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

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

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

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

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

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

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

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

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

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

13.3.1. Assure fulfillment of the Special Provisions;

[Type text]

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

13.3.3. Obtain full execution of all unexecuted documents;

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

13.3.5. Record the Recorded Documents in the priority listed;

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

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

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

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

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

[Type text]

**ACCEPTANCE OF ESCROW INSTRUCTIONS**

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

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

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

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

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

Dated: \_\_\_\_\_

**TITLE COMPANY  
PLACER TITLE COMPANY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Its authorized agent and signatory