RESOLUTION NO. 2020-0010

Adopted by the Housing Authority of the City of Sacramento

August 11, 2020

Coral Gables: Approving the Sale of Housing Authority Property to the Villa Jardin/Coral Gables, L.P., or a Partnership of Which the John Stewart Company (Developer) or a Related Entity to the Developer is the General Partner; Execution of Disposition and Development Agreement, and Related Documents and Agreements; and Related Findings

BACKGROUND

A. On June 21, 1995, the Housing Authority of the City of Sacramento (Housing Authority) acquired 49, 63 and 81 Coral Gables Court, Sacramento (Assessor's parcel No: 049-0250-027 and 028 and 035); and a Grant Deed was recorded in Sacramento County in Book 950629 at Page 212 (Project).

B. In 2016 the Housing Authority (Resolution 2016-0022) and the City Council (Resolution 2016-0360) adopted resolutions approving the Vacant Lot Disposition Strategy that permitted the sale of the Coral Gables vacant lots. On January 17, 2018, the Housing Authority issued a Request for Proposal (#2018003-WWW) seeking an affordable housing developer to acquire and build affordable housing on the property. On April 10, 2018, Villa Jardin/Coral Gables, L.P., or a partnership of which The John Stewart Company (Developer) or a related entity to the Developer is the general partner was awarded the Project.

C. The Housing Authority and Developer desire to enter into Disposition and Development Agreement (DDA) to convey the property addressed above. The goal of the Project is to increase the community's supply of affordable housing and is consistent with Sacramento Housing and Redevelopment Agency (SHRA) Multifamily Lending and Mortgage Revenue Bond Policies.

D. The property will be transferred from the Housing Authority to the Developer, or related entity, for the total purchase price and seller carryback loan of $210,000, the appraised fair market value of the property with the covenants, conditions, restrictions required by the DDA. The Housing Authority staff will return for approval of the Grant Deed, Seller Carryback Loan and related documents after successful award of Low Income Housing Tax Credits and Mortgage Revenue Bonds, which is anticipated to be in Summer 2021.

E. On October 17, 2019, the Developer applied to SHRA for a predevelopment loan, gap financing loan and mortgage revenue bonds to fund the proposed development of the Project and the adjacent and existing Villa Jardin affordable housing community as one combined development.

F. On June 29, 2020, a properly noticed public hearing to be held at the City of Sacramento Housing Authority Board regarding the proposed disposition of the Project owned by the Housing Authority of the City of Sacramento at fair market value was published in accordance with California Health & Safety Code §34315.7.

G. In a separate resolution subject to approval by the Sacramento City Council on August 11, 2020, SHRA is recommending issuing to the Developer, a new gap financing loan for the proposed Coral Gables and Villa Jardin development, a predevelopment loan for the Coral Gables site, an assignment and assumption commitment of an existing Villa Jardin loan, and an assignment and assumption commitment of a predevelopment and permanent loan for Coral Gables.

H. The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA pursuant CEQA Guidelines §15332, “infill development projects”.

I. An Environmental Assessment (EA) is being prepared pursuant to the National Environmental Policy Act (NEPA), and it is anticipated that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. NEPA review will be completed prior to taking any choice-limiting action.

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

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Section 2. The Executive Director, or her designee, is authorized to enter into and execute the Disposition and Development Agreement and all other documents and agreements the Executive Director may deem necessary, as approved to form by Agency Counsel, as well as amend the budget, perform other actions deemed necessary to ensure proper repayment of the Housing Authority funds including, without limitation, extensions and restructuring of loans consistent with the Housing Authority adopted policies and with this resolution.

Section 3. 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 loans.

Section 4. This resolution shall take effect immediately upon its adoption.

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Exhibit A - Disposition and Development Agreement

Adopted by the Housing Authority of the City of Sacramento on August 11, 2020, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, and Mayor Steinberg

Noes: None

Abstain: Member Warren

Absent: None

Attest by Secretary:

Mindy Cuppy Digitally signed by Mindy Cuppy
Date: 2020.08.12 16:21:14 -07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Housing Authority.

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

Exhibit A

DISPOSITION AND DEVELOPMENT AGREEMENT
FOR
CORAL GABLES APARTMENTS

49 CORAL GABLES CT SACRAMENTO CA 95822
63 CORAL GABLES CT SACRAMENTO CA 95822
81 CORAL GABLES CT SACRAMENTO CA 95822

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

VILLA JARDIN/CORAL GABLES, LP, A CALIFORNIA LIMITED PARTNERSHIP

Effective Date

DISPOSITION AND DEVELOPMENT AGREEMENT

49 Coral Gables Ct Sacramento CA 95822
63 Coral Gables Ct Sacramento CA 95822
81 Coral Gables Ct Sacramento CA 95822

THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, A PUBLIC BODY CORPORATE AND POLITIC ("Agency"), and VILLA JARDIN/CORAL GABLES, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("Developer") enter into this Disposition and Development Agreement (this "DDA"), as of _____, 2020 (the "Effective Date"). For purposes of this DDA, the capitalized terms shall have the meanings assigned in Section 17.

RECITALS

A. Agency is the owner of real property located at 49 Coral Gables Ct Sacramento CA 95822, 63 Coral Gables Ct Sacramento CA 95822, and 81 Coral Gables Ct Sacramento CA 95822 in the City of Sacramento, State of California, more particularly described in the Property Description.

B. In accordance with Health & Safety Code Section 34312.3(b), Agency has held, or will hold, a public hearing to disclose the disposition of the Property. Upon disposition of the Property, proceeds will be used directly to assist the development of low income housing within Agency's boundaries.

C. In order to accomplish such purpose, this DDA provides that Agency will transfer Agency's interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.

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

AGREEMENT

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

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

2. **PROJECT DESCRIPTION**. Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be a new

construction development with residential buildings and an approximate 3,000 sq. ft. community center on approximately 0.87 acres located in the Meadowview neighborhood of Sacramento. The Project will consist of 38 units with a mix of 18 one-bedroom units with one bathroom, and 20 two-bedroom units with one bathroom. Inclusive of this unit mix, one unit will be for management staff, with 29 units at 25% AMI and 9 units at 50% AMI; provided, however, that the makeup of the Project is subject to change based on Project approvals and Final Plans; any material changes to the Project description in this Section 2 will be subject to the Agency's approval. The common areas and amenities will include a new community center building and playground, both to be shared with residents at the Project.

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

3.1. **PURCHASE PRICE**. The Purchase Price for the Property shall be Two Hundred Ten Thousand and No/100 Dollars ($210,000.00) and shall be payable pursuant to the Funding Agreement as described in Section 4, below.

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

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

3.3.1. 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.

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

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

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

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

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

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

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

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

3.4.5. Agency acknowledges that Developer intends to acquire the real property adjacent to the Property, located at 2701 Meadowview Road, Sacramento, California, and known as Villa Jardin Apartments ("Villa Jardin"), which is to be redeveloped in tandem with the Property. Agency acknowledges that Developer has entered into that certain Purchase and Sale Agreement dated October 22, 2018, with Villa Jardin Housing, Inc. ("VJ Seller"), a California nonprofit public benefit corporation, for the purchase of Villa Jardin ("Villa Jardin Purchase Agreement"). Developer shall successfully close Developer's purchase of Villa Jardin pursuant to the terms and conditions contained in the Villa Jardin Purchase Agreement, which may be concurrent with the Close of Escrow hereunder.

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

3.5.1. **AGENCY'S REPRESENTATIONS AND WARRANTIES**. Agency represents and warrants to 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 actual knowledge of Agency's Executive Director, Office of the General Counsel, and staff with responsibility for development of the Property:

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

b) 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;

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

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

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

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

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

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

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

f) Agency acknowledges that in connection with the development of the Project, Developer seeks to combine the three separate, contiguous and adjacent parcels of the Property into one single parcel, and/or seeks to adjust the lot lines between the Property and Villa Jardin with the VJ Seller (collectively, the "Lot Merger/Lot Line Adjustment") in order to facilitate the Plans. Agency acknowledges that the Lot Merger/Lot Line Adjustment will require execution of a Lot Merger/Lot Line Adjustment application and other documents by Agency as owner of the Property and agrees to take reasonable steps to cooperate with Developer, VJ Seller and the City, at no cost to Agency, in connection with the processing of any application for the Lot Merger/Lot Line Adjustment or similar process that would benefit the development of the Project in a manner consistent with the Plans, and promptly responding to requests for any necessary approvals hereunder; provided, however that Agency's cooperation related to the Lot Merger/Lot Line Adjustment application shall not modify or replace any land use entitlement process of the City applicable to the Project or constitute an approval of all or any portion of the Project by the City pursuant to its police power land use jurisdiction.

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

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 development, or condition of the Property known to Developer;

e) Developer will have 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 that have been and/or will be represented and/or provided 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; and

f) This DDA and all other documents delivered for the Close of Escrow which 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.

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

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

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

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

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

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

f) From and after Close of Escrow, Developer shall comply with all provisions of the Regulatory Agreement, and cause any subsequent purchaser of the Property to execute a recordable assumption of the Regulatory Agreement if required thereunder, it being acknowledged that the Regulatory Agreement will run with the land; and

g) Developer, at Developer's sole cost and expense, shall have the right during the term of the DDA to apply for and reasonably seek a Lot Merger/Lot Line Adjustment and any related approvals on behalf of Agency. Developer shall be entitled to engage in discussions with local authorities with respect to the Lot Merger/Lot Line Adjustment, and attend related meetings and hearings with appropriate City departments. Developer agrees to diligently and in good faith seek to obtain the Lot Merger/Lot Line Adjustment during the term hereof.

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

3.6. **DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW**. If, prior to the Close of Escrow: (a) damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by 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.

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

a) Agency shall pay or assign to 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.

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

4. **AGENCY FUNDING**. Agency shall provide funding for the Project as provided in the Funding Agreement. All terms regarding Agency funding are in the Funding Agreement, including without limitation, the source and use of funds.

5. **TERM**. The Term of this DDA shall commence on the Effective Date and expire at 11:59 p.m. pacific time on the date that is the day prior to the three (3) year anniversary of the Effective Date (the "Initial Term"). Agency may extend the term of this DDA for an additional period of two (2) years, in one (1) year increments, (the "Extended Term", together with the Initial Term, the "Term") at any time prior to expiration of the Initial Term upon written mutual agreement between Agency and Developer, and any such extension of the Initial Term shall also apply to the Schedule of Performances. If construction of the Project has not commenced prior to the expiration of the Term, upon expiration of the Term, the Property shall revest with Agency in accordance with Section 11.1.

6. **PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS**. 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 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 Final Plans conform to the Plans; and (b) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by 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 Agency has approved the Plans concurrently with this DDA. 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 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 this DDA has insufficient detail or is unclear, this 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's Site Plan and Design Review planning entitlement 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: CORAL GABLES APARTMENTS 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 (each a "Deemed Approval Date").

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 on or before the applicable Deemed Approval Date, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that 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 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 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 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 governmental 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 Agency for its approval. Agency shall approve or disapprove the proposed change as soon as practicable following the procedures set forth in Section 6.5. The Final Plans shall be construed to include any changes approved in the same manner as approval of the original Final Plans under this section. 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 and NEPA 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 the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans or otherwise accepted by Agency under the Art in Public Places Program;

f) Material changes in quality of project or landscaping materials;

g) Any change in public amenities specified in the Final Plans;

h) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer; and

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

6.7.2. **MISREPRESENTATION**. If 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, 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 6, 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.

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

7.2. **CONSTRUCTION CONTRACTS**. 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 revested in 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 obtaining all necessary funding sources, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, Developer shall obtain a Site Plan and Design Review planning entitlement for approval 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. **PAYMENT AND PERFORMANCE BONDS**. As a condition precedent to beginning construction of the Project, the Developer shall provide Agency a copy of a performance bond obtained by Developer or Contractor in favor of the Developer as a named obligee, in form and amount as approved by Agency insuring the faithful completion of Developer's obligations to develop the Project under this DDA, and a copy of a payment bond obtained by Developer or Contractor in favor of the Developer as a named obligee, in form and amount as approved by Agency securing payment of all labor and material suppliers and subcontractors for the work as stated in the construction contract for the Project. The bonds shall be written with a surety listed

as acceptable to the federal government on its most recent list of sureties. Developer shall assure compliance with all requirements of the surety. Developer shall permit no changes in the work to be performed by the Contractor and shall make no advance payments to the Contractor without prior written notice to the surety and Agency, if such change or payment could release the surety of its obligations under the bonds.

7.6. **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.

7.7. **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.

7.8. **PREVAILING WAGES**. In accordance with Labor Code Section 1720(c)(6)(E)), so long as the public subsidy for the Project consists of below market rate loans, and the Project restricts occupancy on at least 40% of the units for at least 20 years to individuals or families earning no more than 80% of the area median income, the Project is not subject to prevailing wages. Developer represents to Agency that Developer has obtained no public subsidy for the Project that does not meet such criteria. If Developer obtains another non-qualifying public subsidy, Developer shall pay prevailing wages for the Project. Therefore, Developer indemnifies, holds harmless and defends Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them.

Unless stated otherwise above, Agency advises Developer that the Project is subject to the payment of prevailing wages under California law. Developer shall inform the Contractor and shall require the Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Agency's determination of the applicability of California prevailing wage requirements. 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 Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them.

7.9. **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.

7.10. **NO DISCRIMINATION DURING CONSTRUCTION**. Developer for itself, the 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.

7.10.1. **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 be 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 Agency setting forth the provisions of this nondiscrimination clause.

7.10.2. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS**. This DDA 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. The Developer shall fulfill its obligations imposed by this Section by instructing its Contractor and its subcontractors to utilize lower income Project area residents as employees to the greatest extent feasible by:

a) Identifying the number of positions in the various occupational categories including skilled, semi-skilled, and unskilled labor, needed to perform each phase of the Project;

b) Identifying, of the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

c) Identifying, of the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

d) Establishing, of the positions described in subparagraph (c) of this Section, a goal which is consistent with the purpose of this subsection within each occupational category of the number of positions to be filled by lower income Project area residents; and

e) Making a good faith effort to fill all of the positions identified in subparagraph (d) of this Section with lower income Project area residents, first and foremost, through the First Source Program, Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

7.10.3. **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, sex, marital status, national origin, ancestry, familial status, or disability.

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

7.11. **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.

7.12. **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 this DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

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

7.14. **CERTIFICATE OF COMPLETION**. After Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, Agency will furnish the Developer with the Certificate of Completion certifying such completion. Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this 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.

7.14.1. 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.

7.14.2. If Agency fails to provide a Certificate of Completion within fifteen (15) days after written request by Developer, 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 this DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of Agency, for the Developer to take or perform in order to obtain such certification.

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

7.16. **NOTIFICATION OF CONTRACTORS, ARCHITECTS AND ENGINEERS**. Developer shall assure notification of the 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.

7.17. **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 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.

7.18. **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.

7.19. **HAZARDOUS SUBSTANCES**. Developer has obtained a Phase I and Phase II Hazardous Substances assessment, and has delivered them to Agency. Developer acknowledges that it has obtained 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, and 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 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 been determined to have been released on the Property prior to 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.

7.20. **DEVELOPER ACCESS TO PROPERTY**. Prior to the conveyance of the Property by Agency to Developer, 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 this DDA; *provided, however*, that Developer shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

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 land.

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

9.1. **EVIDENCE OF AVAILABLE FUNDS**. Unless otherwise approved by 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 substance satisfactory 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 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 the Project are consistent with the Lender's commitment approved by Agency and comply, in all respects, with this DDA. 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 Agency); (b) contains only usual, customary, and commercially reasonable loan terms; (c) continues in effect until a time when 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. Agency may also reject any commitment if it is based upon sources and uses of Project funds that are different from those approved by Agency for the Project. Agency may also reject any commitment that requires changes to the Project which conflict with this DDA, that require amendment of this DDA or that require 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 in the amount of approximately $10,000,000.00 (Ten Million Dollars and No Cents) sufficient (when combined with the construction loan commitment described in Section 9.2 above and the Agency funding) to balance the sources and uses for the construction and development of the Project and necessary to assure its timely and proper completion by any one of the following actions: (a) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity; or delivery to the Agency of a tax credit reservation letter for the project and an executed copy of the Partnership Agreement at Close of Escrow. Developer shall not provide evidence of equity that includes funds not committed at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated Developer profit or fees or Developer contribution of services to the Project.

9.4. Developer shall apply for 4% Low Income Housing Tax Credits first application round in 2021. In the event the project is not successful in receiving an allocation of 4% credits in the first round of 2021, the DDA will remain effective. In the event the project is not successful in receiving an allocation of 4% credits prior to January 31, 2022, all obligations and benefits of this DDA by and for each party shall be terminated.

10. INDEMNIFICATION FOR HAZARDOUS SUBSTANCES. Developer shall indemnify, protect and defend Agency, its officers, directors, council members and supervisors, employees, advisory committee members, and agents, and hold them harmless from any and all liability, costs, fees, fines, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to 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 any claims, 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 arising from or in connection with such claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

This indemnification provision shall survive the termination of this DDA.

12. **LIABILITY INSURANCE**. With regard to this DDA, as of Close of Escrow, the Developer shall obtain and maintain for the life of the Regulatory Agreement, 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 Fifty Thousand and No/100 Dollars ($50,000) or an amount approved by Agency, and for limits of liability which shall not be less than the following:

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

12.3. **COMMERCIAL GENERAL LIABILITY**. Developer shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better. Such insurance shall have limits of liability,

which are not less than $1,000,000, per occurrence limit; $5,000,000 general aggregate limit, and $5,000,000 products and completed operations aggregate limit, all per location of the Project.

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

12.5. **PROPERTY INSURANCE**. For the duration of the Regulatory Agreement, 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 or separate Builder's Risk coverage 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 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 the Project have available all 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. 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. **POLICY COPY**. Developer shall provide Agency with a copy of each required policy of insurance.

12.6.4. **CANCELLATION**. Each policy shall bear an endorsement precluding cancellation or termination of the policy or material reduction in coverage unless Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date and ten (10) days for nonpayment of premium. If the endorsement described in the preceding sentence is not available from any insurer of Developer, Developer will be responsible for providing such notice.

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, 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 Agency. If Developer fails to reimburse Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 10 shall be a default under this DDA (see Section 11.3, below).

12.6.6. **BLANKET COVERAGE**. Developer's obligation to carry insurance as required under this Section 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 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 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 this 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 this 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. After such return of property and funds and termination of this DDA, neither Agency nor Developer shall have any further rights against or liability to the other under this 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 Agency, after conveyance of the Property to Developer and prior to issuance of the 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 Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or any part of the Property conveyed to Developer, and to terminate and revest in Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to Developer shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section, 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 this DDA, Agency at its option may declare a

termination in favor of Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to Agency. Such condition subsequent and any such revesting of title in Agency shall always be subject to and limited by the lien or security interest authorized by this DDA, and any rights or interests provided in this DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with this DDA and for which a Certificate of Completion issued as provided in this DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070. Notwithstanding anything to the contrary in this Agreement, Developer may contest in good faith the validity or amount of any unauthorized encumbrance or lien as long as Developer has furnished to Agency a cash deposit, statutory release bond or other appropriate security in an amount and form satisfactory to Agency to protect Agency against the creation of any lien on the Property.

13.2. **RESALE OF REACQUIRED PROPERTY**. Upon the revesting of title to the Property in accordance with Section 13.1, Agency shall use its best efforts to resell the Property, as soon and in such manner as Agency shall find feasible and consistent its objectives, to a qualified and responsible party, as determined by Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to 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:

13.2.1. **AGENCY REIMBURSEMENT**. Upon such resale of the Property, the resale proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Property (but less any net income derived by Agency from the Property after such revesting); all taxes, assessments, and water and sewer charges with respect to the Property; any payments necessary to discharge any encumbrances or liens existing on the Property at the time of such revesting or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing Agency by the Developer.

13.2.2. **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 this DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

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

13.3. **OTHER RIGHTS AND REMEDIES**. Upon the occurrence of any, and after 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, 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, 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 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 Agency gives any notice of default to Developer under this DDA, 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 _____ between the Housing Authority of the City of Sacramento and **Villa Jardin/Coral Gables, LP, a California Limited Partnership** ("DDA"). Lender requests, in accordance with this DDA, that if any default notice shall be given to Developer under this 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 and such assignment of Lender's loan shall be void *ab initio* 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 this DDA, Lender shall not be obligated by the provisions of this DDA to construct or complete the Project. Nothing in this Section or any other provision of this 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 this DDA.

14.4. **LENDER'S OPTION TO CURE DEFAULTS**. After any default of Developer's obligations under this 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. 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 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 Agency, Developer's obligations to complete the Project on the Property in the manner provided in this DDA. Any Lender who properly completes the Project as provided in this DDA shall be entitled, upon written request made to Agency, to a Certificate of Completion from Agency in a manner provided in this DDA. Such certification shall mean that any remedies or rights with respect to the Property that 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 this 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 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 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, 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 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 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 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 Agency. Upon such foreclosure, sale or conveyance, 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 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 this 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. Agency's designee shall be authorized to execute any such certificate requested by Developer from 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. Any assignment or other such prohibited act or transaction taken by Developer shall be void *ab initio*. 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 this DDA, from any of its obligations under this DDA. With respect to this provision, the Developer and the parties signing this 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. **LOAN AGREEMENT**. The Funding Agreement governing the seller carryback loan.

15.2. **PROMISSORY NOTE**. The promissory note evidencing the seller carryback loan.

15.3. **DEED OF TRUST**. The deed of trust securing the obligations of the Funding Agreement and seller carryback loan.

15.4. **REGULATORY AGREEMENT**. The Regulatory Agreement sets 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 this 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 in this DDA 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 of this DDA by Developer shall not be considered as a waiver of the rights of Agency with respect to any other defaults of this DDA by Developer 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. **NO 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: Portfolio Management

b) Developer: Villa Jardin/Coral Gables, LP, a California Limited Partnership, 1388 Sutter Street, 11th Floor San Francisco, CA 94109, Attention: Margaret Miller and Julie Mendel.

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. 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 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 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 Agency certifying Developer's completion of the Project and termination of the revestment provisions.

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 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 this DDA by reference is a default of this DDA.

17.9. “Developer” is Villa Jardin/Coral Gables, LP, a California Limited Partnership, a California limited partnership. The principal office of the Developer is located at 1388 Sutter Street, 11th Floor San Francisco, CA 94109. The principal of Developer is Jack D. Gardner.

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 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), the National Environmental Policy Act (commencing at United States Code Title 42, Section 4321), and the rules and regulations promulgated under such acts. 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 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 seller carryback loan.

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.

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

17.18. “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.

17.19. "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.

17.20. "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.**

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

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

17.23. "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.**

17.24. "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**.

17.25. "Tax Credit Limited Partnership" is a California limited partnership to be formed by the Developer expressly to take advantage of tax credits for the construction or rehabilitation of low-income housing, of which the Developer shall be a general partner (or the sole member of the manager of a general partner), and which shall admit at or prior to Close of Escrow one or more tax credit investor limited partners.

17.26. "Title Company" is Old Republic Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 275 Battery Street, Suite 1500, San Francisco CA94111.

17.27. "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 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.

[Signatures appear on the following page]

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

DEVELOPER: VILLA JARDIN/CORAL GABLES, L.P.

By: JSCo Villa Jardin/Coral Gables, LLC,
a California limited liability company,
Administrative General Partner

By: John Stewart Company,
a California corporation,
its sole member and manager

By: _____
Jack D. Gardner, President & CEO

By: PacH Lancaster Holdings, LLC,
a California limited liability company,
Managing General Partner

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

By: _____
Mark Wiese, President

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

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

_____
Agency Counsel

EXHIBIT 1

Property Description

49 Coral Gables Court

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

PARCEL I, AS SHOWN ON THE "PARCEL MAP GUILD ACRES UNIT NO. 2", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, ON JUNE 4, 1971, IN BOOK 4 OF PARCEL MAPS, PAGE 5.

APN: 049-0250-027

63 Coral Gables Court

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

PARCEL J, AS SHOWN ON THE "PARCEL MAP GUILD ACRES UNIT NO. 2", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, ON JUNE 4, 1971, IN BOOK 4 OF PARCEL MAPS, PAGE 5.

APN: 049-0250-028

81 Coral Gables Court

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

LOT W, AS SHOWN ON THE "PARCEL MAP LOT S OF AMENDED PARCEL MAP OF LOTS K THRU R OF PARCEL MAP OF GUILD ACRES UNIT NO. 2", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY ON MARCH 1, 1972, IN BOOK 11 OF PARCEL MAPS, PAGE 8.

APN: 049-0250-035

EXHIBIT 2

Schedule of Performances

Milestone	Schedule
State Department of Housing and Community Development (HCD) Multifamily Housing Program (MHP) Application	Fall 2020
HCD MHP Commitment	Winter 2020
TCAC/CDLAC Application	Spring 2021
TCAC/CDLAC Allocation	Spring 2021
Building Permits/Readiness Letter	Summer 2021
Agency Notice to Proceed	Summer 2021
Close of Escrow	Summer 2021
Construction Begins	Summer 2021
Lease-up Begins	Spring 2022
Construction Complete/Certificate of Occupancy	Summer 2022

EXHIBIT 3

Scope of Development

Coral Gables Scope of Development – New Construction
Coral Gables ("Project") is a new construction development on approximately 0.87 acres located in the Meadowview neighborhood of Sacramento. The development will consist of 18 one-bedroom units with one bathroom and 20 two-bedroom units with one bathroom. Inclusive of this unit mix, one unit will be exempt for management staff. The common areas and amenities will include a new community center building (which will include a laundry room and property management and services offices) and playground, both to be shared with residents at Villa Jardin. The project is still in the preliminary design phase and the below details are subject to change with SHRA's approval.

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer will indicate these funding requirements in the Project's plans/scope of work.

I. Site Work

1. **Asphalt Pavements:** Coral Gables will include twenty-seven (27) uncovered surface parking spaces and twelve (12) tuck-under surface parking spaces, for a total of thirty-nine (39) onsite parking spaces. Four (4) tuck-under surface parking spaces will be designated for ADA parking.

2. **89 Coral Gables Court Driveway**: The existing asphalt driveway between 81 and 89 Coral Gables Court will be demolished. As noted below, a masonry soundwall will be installed along the eastern property line to match the existing northern soundwall. As part of the driveway work and at SHRA's request, the walkway to the east of the property line (on the 89 Coral Gables side) will be covered with asphalt, concrete, or decomposed granite, and the existing storm drain inlet will either be moved or replaced.
3. **Landscaping and Courtyard:** Landscaping will be designed with drought-tolerant plants and trees. Trees will be planted throughout the common open spaces and around the surface parking lot to meet City shading requirements. All landscaped areas will be served by a Smart Controller programmable automated irrigation system. The Landscape Plan will be approved by SHRA.
4. **Mailboxes:** Mailboxes will be installed in a centralized location near the Community Building accessible to residents of both Coral Gables and Villa Jardin.
5. **Picnic Area:** Barbeque and seating areas will be provided adjacent to the play areas and will be shared with residents at Villa Jardin.
6. **Play Area:** The play area will have two (2) play equipment areas, one for children ages 2-5 and one for children ages 5-12, to be shared with residents at Villa Jardin. The play area will be resurfaced with rubber safety surfacing or other similar safety- and accessibility-compliant material.
7. **Security Cameras:** There will be interior and exterior web-based security cameras that will record events. These cameras will be placed around the property, including primary ingress/egress points to and from the site, parking lots, and indoor and outdoor common areas where people will be congregating. Please see security camera diagram for proposed locations and directions.
8. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit identification, wayfinding, code, fire, and life and safety signage.
9. **Site Fencing:** The existing chain-link and barbed wire perimeter fence will be removed. A wrought-iron fence will be installed on the western property line. Masonry soundwalls will be installed on the northern and eastern property line, to match the existing masonry soundwall. A wrought-iron fence with masonry base will be installed along the perimeter of the property facing Coral Gables Court, with an automatic sliding automobile gate providing vehicular access to the parking. Pedestrians will

be able to access the site from two pedestrian gates along Coral Gables Court. The automobile gate will remain closed at all times. Residents and employees of the complex will have remote access to open the gate and park inside. Pedestrian gates will have key locks. Rideshare and other drop-offs will be able to turn around at the cul-de-sac at the end of Coral Gables Court.

10. **Trash Enclosure:** A trash enclosure for with concrete apron for recycling and trash will be located off Coral Gables Court near the automobile gate. The enclosure shall be made of cinder block or stucco and will be accessible to all tenants, with the necessary provisions for ADA-accessibility.

II. Building Exteriors

1. **Balconies and Patios:** All ground-floor apartments will have patios.
2. **Roofing:** Forty (40) year asphalt composition shingles will be used for the roof.
3. **Siding:** Siding will be composed of cement plaster (stucco) and/or fiber cement.
4. **Site Lighting:** The site will be lit with Title 24-compliant wall packs, pole lights, and other luminaries for all parking and outside common spaces, and will be of LED or a similarly energy efficient type.
5. **Windows:** Thermally broken aluminum and/or vinyl windows will be used.

III. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** Because the development team intends to combine Villa Jardin and Coral Gables together to apply for TCAC tax credits, the current construction plan is to provide 10% of all 82 units, or nine (9) total, as accessible with mobility features, all of which will be accommodated at Coral Gables. An additional four (4) units, or 4% of all 82 units, will include communications features for persons with hearing or vision impairment. The mobility unit plan assumes a receipt of a CTCAC economic hardship waiver on geographic dispersal of the mobility units. The communications units will be geographically dispersed across both Villa Jardin and Coral Gables.
2. **Appliances:** All apartment kitchens will have new Energy Star-rated appliances including refrigerator with freezer combination, electric stove and oven, dishwasher, and garbage disposal.
3. **Bathtubs and Toilets:** All apartments will have a bathtub or shower. Bathrooms will have water-efficient toilets and fixtures.
4. **Blinds:** Vertical blinds will be provided in all apartment windows and sliding glass doors.
5. **Cabinets, Counters and Sinks:** All apartment kitchens will have all-plywood construction cabinets, solid surface countertops, and stainless steel sinks. Microwave shelving will be provided (except in ADA units) either above the counter or on the pantry shelving with an electrical outlet. All apartment bathrooms will have all-wood vanities and sold surface vanity tops with sink. All cabinetry face frames, doors, and drawer faces will be solid hardwood.
6. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
7. **Doors (Interior, Exterior, and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
8. **Electrical and Lighting:** All apartments will have high-efficiency lighting, ceiling fans, exhaust fans vented to the exterior, and bathroom humidistat fans. Heating and air condition will be provided. Any exterior-mounted electrical, mechanical, and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls, attic spaces, and/or crawl spaces. Conduits will not be mounted on the exterior of the buildings.
9. **Flooring:** Apartment interiors will have luxury vinyl plank (LVP) flooring throughout, except in bathrooms where they will have sheet vinyl flooring.
10. **Plumbing Fixtures:** All apartments will have new water-efficient plumbing fixtures.

11. **Smoke Detectors:** All units, offices, and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
12. **Windows:** All apartments will have energy-efficient vinyl dual pane windows. Windows that are designed to open will have screens. The Development Team will provide an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.

IV. Community Amenities

1. **Bicycle Parking:** Long-term bicycle parking will be provided on site.
2. **Broadband Infrastructure:** Cables, fiber optics, wiring, and/or other permanent infrastructure capable of providing access to Internet connections in individual housing units will be installed.
3. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
4. **Community Building:** The community building will have luxury vinyl plank flooring and energy-efficient lighting and HVAC systems. The community building will be approximately 3,200 square feet and will be ADA compliant. A floor plan for the community building is being finalized and will be sent for SHRA's approval.
5. **Community Building Kitchen:** The community building kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, a solid surface countertop, new Energy Star-rated appliances (refrigerator with freezer, electric stove and oven, microwave, garbage disposal, and dishwasher). Energy-efficient lighting and HVAC systems and water-efficient plumbing fixtures will be installed.
6. **Community Building Restrooms:** The two community restrooms in the Community Building will be ADA-compliant, have low-flow bathroom fixtures, a sink, and a solid surface countertop. Bathroom walls will have glazed wall tile to 48 inches high.
7. **Hallways and Stairs:** Residential hallways and stairs will be of durable flooring. Stairs will have non-slip concrete treads, landings, and closed risers.
8. **Laundry Facility:** The laundry room will accommodate nine (9) washers and nine (9) dryers, which will include one set of ADA-accessible laundry machines. The laundry room will be shared with residents of Villa Jardin.
9. **Management Offices:** The two furnished management offices will have luxury vinyl plank flooring, and energy-efficient lighting and HVAC systems.

The Attachment listed below is incorporated in this Scope of Development by this reference for the financing of the Coral Gables Project:

Attachment 1: Lender's Minimum Construction Standards exhibit is on the following page.

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

Note: For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

Useful Life Expectancy – Rehabilitation only

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

General Requirements

A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.

B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.

C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.

D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.

E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.

F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.

G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.

General Requirements – Rehabilitation only

A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.

B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.

C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.

D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

Site Work

A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.

B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.

C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.

D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.

E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.

F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.

H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.

I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.

Site Work – Rehabilitation only

A. All landscaping and irrigation systems must be in a well-maintained condition.

B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.

C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.

D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.

E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.

B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer's warranty.

C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must

be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.

D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

Doors and Windows

A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California's currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.

B. All doors must have matching hardware finishes.

C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.

D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.

E. All doors and windows must meet current egress standards.

Doors and Windows – Rehabilitation only

A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer's specifications. Retrofit windows must have a similar useful life as "new, construction" (i.e., nail fin) windows.

B. All doors and doorjambs must be in good condition. No damaged or worn doorjambs or doors are allowed. Doors and/or jambs beyond their useful life shall be replaced.

Casework

A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.

B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.

C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

Casework – Rehabilitation only

A. All cabinets shall be replaced or in very good condition, within their 15 year useful life, both structurally and in appearance.

Finishes

A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.

   In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.

   Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

Finishes – Rehabilitation only

A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.

B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.

B. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

Equipment

A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.

B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.

C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

Furnishings

A. Dwelling units must have window coverings on all windows.

Special Construction

A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.

B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their

own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.

C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

Mechanical/Plumbing

A. Water heaters must be installed per current applicable codes.

B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.

C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.

D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

Mechanical/Plumbing – Rehabilitation only

A. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

A. All units must have smoke/carbon monoxide detectors installed per current code.

B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.

C. Broadband infrastructure meeting the requirements of 24 CFR 5.100* is required in all new construction projects of 4 or more units.

**Broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

Electrical – Rehabilitation only

A. All electrical panels shall meet current code.

B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.

C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.

D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

End of Scope of Development