

## **RESOLUTION NO. 2020-0253**

Adopted by the Sacramento City Council

August 11, 2020

**Villa Jardin and Coral Gables: Approval of a Predevelopment Loan Comprised of \$500,000 in City Housing Trust Funds; Approval of \$2,800,000 Loan Commitment Comprised of \$1,400,000 in California State Department Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF), or if no Awarded, \$1,400,000 in Mixed Income Housing Funds and \$1,400,000 in City Housing Trust Funds; Execution of Predevelopment Loan, Loan Commitment, Assignment and Assumption Commitments and Related Documents with 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; Related Budget Amendment; and Environmental Findings**

### **BACKGROUND**

- A. 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, has applied to Sacramento Housing and Redevelopment Agency (SHRA) for an allocation of \$500,000 in City Housing Trust Funds (Predevelopment Loan) to assist in predevelopment financing of Coral Gables. The Developer also applied for \$1,400,000 in State Department Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF) and \$1,400,000 in City Housing Trust Funds to assist in funding the construction and permanent financing of Villa Jardin and Coral Gables permanent supportive/homeless and workforce housing development (Project).
- B. On June 30, 2020, Sacramento City Council (Council) approved Sacramento Housing and Redevelopment Agency (SHRA) to submit a LHTF application to HCD (Resolution No. 2020-0221). In the event SHRA is not awarded LHTF, SHRA will allocate \$1,400,000 in Mixed Income Housing Funds, subject to Council approval.
- C. The Developer applied to SHRA for Project Based Vouchers (PBVs) and was awarded 38 PBVs scattered between Villa Jardin and Coral Gables sites.
- D. The Villa Jardin and Coral Gables Project is consistent with a) SHRA's approved Policies, Priority 2(i) - New Construction of Permanent Supportive Housing and Homeless Housing, Priority 2(iii) - Workforce Housing and Priority 3 - Rehabilitation of Existing Housing; and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H- 1.2.9, in part, Workforce Housing; H-1.3.2 Economic integration of multifamily affordable housing projects; H-2.2.4, the City shall pursue and maximize the

use of all appropriate state, federal, local and private funding for the development, preservation, and rehabilitation of housing affordable for extremely low-, very low-, low-, and moderate income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9 Prioritization of Special Needs Housing, such as chronically homeless individuals or families for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2013-415).

- E. 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".
- F. 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 CITY COUNCIL 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 Predevelopment Loan Documents (Exhibit A) for financing the predevelopment activities at the Coral Gables vacant site, which is comprised of \$500,000 in City Housing Trust Funds, is approved, and the Sacramento Housing and Redevelopment Agency (SHRA) is delegated authority to execute and transmit the Predevelopment Loan Documents to 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.
- Section 3. The Loan Commitment (Exhibit B) for financing the Villa Jardin and Coral Gables Project with \$2,800,000, which is comprised of: (i) \$1,400,000 HCD Local Housing Trust Funds, or if not awarded, \$1,400,000 of Mixed Income Housing Funds; and (ii) \$1,400,000 in City Housing Trust Funds is approved, and SHRA is delegated authority to execute and transmit the Loan Commitment to the Developer.

- Section 4. The Assignment and Assumption Commitment for existing loan of the Villa Jardin site (Original Villa Jardin Loan) (Exhibit C) and predevelopment loan for the Coral Gables site (Exhibit D) are approved and SHRA is authorized to restructure and/or extend the Original Villa Jardin Loan and consent to its assignment to a new borrower that will be a new limited partnership formed by the Developer, extending the loans' maturity dates 57 years from the date of closing using a 3% interest rate.
- Section 5. SHRA is authorized to release outdated recorded restrictions associated with the Original Villa Jardin Loan as these restrictions will be superseded by more comprehensive, longer-term restrictions and covenants.
- Section 6. SHRA is authorized to enter into and execute other documents it deems necessary, as approved to form by SHRA legal counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Predevelopment Loan Documents, Loan Commitment, and the Assignment and Assumption Commitments that accompany this resolution, in accordance with their terms, and to ensure proper repayment of the SHRA funds including without limitation, subordination, restructuring and extensions consistent with SHRA adopted policies and with this resolution.
- Section 7. SHRA is authorized to amend the budget as follows: a) allocate up to \$500,000 in City Housing Trust Funds for the Coral Gables predevelopment loan; and b) allocate up to (i) \$1,400,000 HCD Local Housing Trust Funds, or if not awarded, \$1,400,000 of Mixed Income Housing Funds, and (ii) \$1,400,000 in City Housing Trust Funds for the Villa Jardin and Coral Gables Project.
- Section 8. This resolution shall take effect immediately upon its adoption.

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Exhibit A - Predevelopment Loan Documents for Coral Gables

Exhibit B - Loan Commitment for Villa Jardin and Coral Gables

Exhibit C - Assignment and Assumption Commitment for Existing Loan to Villa Jardin

Exhibit D - Assignment and Assumption Commitment for Predevelopment Loan to Coral Gables

Adopted by the City of Sacramento City Council 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: **Mindy Cuppy** Digitally signed by Mindy Cuppy  
Date: 2020.08.12 17:52:49 -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 Sacramento City Council.*

## UNSECURED PREDEVELOPMENT LOAN AGREEMENT CORAL GABLES

|                  |                |
|------------------|----------------|
| "EFFECTIVE DATE" | August 1, 2020 |
|------------------|----------------|

### ARTICLE I TERMS AND DEFINITIONS:

**LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE.** This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked "None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan, as the context may indicate.) Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement.

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

| <b>A. "Loan Information" The general loan provisions of the Loan</b> |  |                               |
|--|--|-------------------------------|
| "LENDER"   | The following public agency that is making the Loan, and whose legal status and address are:   |                               |
| Name   | Sacramento Housing and Redevelopment Agency  |                               |
| Legal Status   | A joint powers agency  |                               |
| Principal Address  | 801 12 <sup>th</sup> Street, City of Sacramento, Sacramento County, California 95814   |                               |
| "BORROWER"   | The Borrower of the Loan funds whose name, legal status and address are:   |                               |
| Name   | Villa Jardin/Coral Gables, L.P.  |                               |
| Legal Status   | a California Limited Partnership   |                               |
| Principal Address  | 1388 Sutter Street, 11th Floor San Francisco, CA 94109   |                               |
| "LOAN"   | The Loan made by this Loan Agreement.  |                               |
| "LOAN PROGRAM"   | Lender's Loan Program, commonly known as   | City Housing Trust Fund (HTF) |
| "LOAN AMOUNT"  | \$500,000.00 (Five Hundred Thousand Dollars and No Cents)  |                               |
| "INTEREST RATE"  | None (0.00%)   |                               |
| "DISBURSEMENT TERMS"   | Lender shall make the loan disbursement under this Loan Agreement when the following conditions precedent stated in Section 7 have been met:<br><br>Borrower has presented invoices or similar documentation from third party contractors for actual costs of the Project, and is more particularly described in the Lender approved budget dated June 19, 2020.   |                               |
| "MATURITY DATE"  | The maturity date for the Loan shall be the date which is the earlier to occur of: (i) July 31, 2023; or (ii) the close of a construction and permanent loan from Lender to Borrower for the Villa Jardin/Coral Gables affordable housing project ("Construction Loan"). Upon Borrower's satisfaction of all conditions precedent to the funding of that Construction Loan for the Property, all funds advanced by Lender pursuant to this Loan Agreement and the Note not yet repaid to Lender shall become part of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, the Note will be cancelled. |                               |
| "PAYMENT START DATE"   | The payment shall be in lump sum on the Maturity Date.   |                               |

|                    |  |  |
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| “PAYMENT SCHEDULE” | The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges. |  |
| “BORROWER EQUITY”  | None required as a condition of this Loan.   | Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.  |
| “SPECIAL TERMS”    | The Loan shall be unsecured and may be prepaid without penalty at any time.  |  |
| “PROJECT”          | Which is the Project to be developed on the Property with the Loan funds, more particularly described in the DDA (as defined in Section 3.2):          | The Project is limited to the following predevelopment activities: obtaining appraisals, architectural drawings, engineering, environmental testing and reports, planning, market studies necessary to determine the feasibility of the project and to obtain financial commitments, and other predevelopment activities all subject to Lender’s prior written approval. |

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| <b>B. “PROPERTY”</b> The following described real property, which is the site of the Project:                            |  |  |
| The Loan is unsecured, there is no collateral for repayment of the Loan, and the Property is not collateral for the Loan |  |  |
| Address  | 49 Coral Gables Ct Sacramento CA 95822<br>63 Coral Gables Ct Sacramento CA 95822<br>81 Coral Gables Ct Sacramento CA 95822   |  |
| Assessor’s Parcel Number   | 049-0250-027<br>049-0250-028<br>049-0250-035   |  |
| “Legal Description”  | The Property is situated in the State of California, County of Sacramento, and is more particularly described in <b>Exhibit 1: Legal Description</b> attached and incorporated by reference. |  |
| Borrower’s Title Interest  | None   |  |

|  |                                     |                     |
|--|-------------------------------------|---------------------|
| <b>C. “LIST OF EXHIBITS”</b> (The following are attached and incorporated in this Loan Agreement): |                                     |                     |
|  | EXHIBIT                             | DEFINED TERM        |
|  | <u>Exhibit 1: Legal Description</u> | “Legal Description” |
|  | <u>Exhibit 2: Note Form</u>         | “Note”              |

|  |  |
|--|--|
| <b>D. “APPROVAL DOCUMENTS”</b> Borrower shall submit the following documents for Lender approval       |  |
| Borrower’s organizational documents, such as partnership agreements or corporate articles and by-laws. |  |
| Budget for use of the Loan proceeds.   |  |

|   |  |
|---|--|
| <b>F. “ASSIGNED DOCUMENTS”</b> Borrower assigns the following documents to Lender                                   |  |
| Subject to the interests of any senior lender, all lease and rental agreements for the Property, or any part of it. |  |

## ARTICLE II LOAN PROVISIONS

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

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

1. **DEFINITIONS.** As used in this Loan Agreement, the following terms shall have the following meanings:

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

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

1.3. “Event of Default” is breach of or default in a party’s obligations under this Loan Agreement, the Note, and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan.

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

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

1.6. “Governmental Requirement” means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

1.7. “Loan” is the loan from Lender to Borrower made pursuant to this Loan Agreement.

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

1.9. “Loan Documents” means the Note, this Loan Agreement, and all other documents evidencing, securing, or relating to the Loan.

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

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

1.12. “Note” means that certain promissory note evidencing the Loan and attached hereto as **Exhibit 2**.

1.13. “Permanent Lender” is the lender for the Permanent Loan.

1.14. “Permanent Loan” means the permanent financing obtained by Borrower.

1.15. “Person” means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

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

1.17. “Project” means the Property as developed for the use stated in Article I, including, without limitation, all existing buildings, improvements, and appurtenances on the Property, all work of demolition and rehabilitation to be conducted on the Property, and all improvements, additions, and replacements constructed or placed at any time on the Property.

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

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

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

2.3. **BINDING OBLIGATION.** This Loan Agreement, the Note, and each of the other Loan Documents constitute a legal and binding obligation of, and is valid and enforceable against, each party other than Lender, in accordance with the terms of each.

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

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

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

2.7. **NO UNAPPROVED LOANS.** Borrower has not received financing for the Project except as has been specifically disclosed to and approved by Lender in writing.

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

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

3. **BORROWER'S COVENANTS AND CONDITIONS.** From the Effective Date until payment and performance in full of all obligations of Borrower under this Loan Agreement, the Note, and the other Loan Documents in accordance with the terms of this Loan Agreement, the Note, and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

3.1. **USE OF LOAN PROCEEDS.** Borrower shall use Loan Proceeds solely for pre-development costs associated with the rehabilitation and new construction of Coral Gables;

3.2. **ASSIGNMENT OF PREDEVELOPMENT WORK PRODUCT.** The Loan is being made by Lender in conjunction with that certain Disposition and Development Agreement by and between the Housing Authority of the City of Sacramento and Borrower dated as of [even date herewith] (the "DDA") to develop the vacant lots of Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento. If the project contemplated by the DDA does not proceed, all rights, title and interests, but not its obligations, in the work product, including but not limited to, obtaining appraisals, architectural drawings, engineering, environmental testing and reports, planning, market studies necessary to determine the feasibility of the project and to obtain financial commitments, and other predevelopment activities subject to Lender's written approval (individually and collectively, the "Work Product"), shall thereafter be automatically and irrevocably assigned to Lender in its entirety for the benefit of Lender. Borrower shall not make, or cause to be made, any amendments to the Work Product, without the prior written consent of Lender. Borrower shall allow all contracts for the Work Product be subject to the approval of Lender for its underwriting purposes; shall allow Lender to take advantage of all the rights and benefits of the contracts upon any Event of Default by Borrower; and shall ensure and submit evidence to Lender that the contractors hired to produce the Work Product will permit Lender to acquire Borrower's interest in such contracts without additional charge or fee beyond payment of the contract price. Lender agrees that it shall provide timely review of any Work Product so as not to delay the commencement and progress of Project development. Upon assignment and delivery of the Work Product to Lender,

Borrower's obligations under this Loan Agreement shall be satisfied, the Loan, including all accrued and unpaid interest, shall be deemed paid in full and this Loan Agreement shall be terminated.

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

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

4.2. **USE OF LOAN FUNDS.** Loan funds shall be used only for purposes specified in this Loan Agreement.

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

4.4. **NOTE.** The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon execution by Borrower.

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

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

5.2. **CONDITIONS TO BORROWER'S PERFORMANCE.** Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender's representations and warranties in this Loan Agreement are correct as of the date of this Loan Agreement; and (d) no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under this Loan Agreement.

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

7. **CONDITIONS PRECEDENT TO LOAN DISBURSEMENT.** The obligation of Lender to make any disbursements of Loan Proceeds shall be subject to the following conditions precedent:

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

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

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

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

7.5. There is no legal action threatened or pending against Borrower or, if Borrower has acquired the Property affecting the Property;

7.6. If Borrower has obtained a loan commitment from a financial institution (or other lender approved by Lender in its sole discretion) to make the Permanent Loan, Lender has approved the loan commitment. For Lender to approve such commitment it must provide (a) that Lender will have notice of, and a reasonable opportunity to cure, any Borrower defaults, and (b) it does not require any change in the Loan or Loan Documents;

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

8. **MAKING DISBURSEMENT.** Lender shall make disbursement as provided in the Disbursement Terms.

9. **DEFAULTS.** At the option of Lender, each of the following events that remains uncured upon the expiration of any applicable notice and cure periods will constitute a default (each an "Event of Default"):

9.1. Failure to comply with the terms of the Loan Documents, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have thirty (30) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion;

9.2. Borrower fails to make any payment under the Loan due at Maturity Date;

9.3. Borrower's failure to comply with any Governmental Requirement, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; provided, however that Borrower's right to challenge the Governmental Requirement is not abridged;

9.4. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the Project that is necessary to allow Borrower to perform any obligations under the Loan Documents, unless Borrower has renewed the same or otherwise cured the lapse prior to Lender's issuance of a notice of the default;

9.5. If and after Borrower acquires the Property, the filing of any lien against the Property, if the claim of lien continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender; and

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

## 10. **REMEDIES**

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

10.1.1. Terminate its obligation to make disbursements;

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

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

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

10.1.5. Make any unauthorized payment from Loan Proceeds or other funds of Lender that may be reasonably necessary to protect Lender's rights under this Loan Agreement; and

10.1.6. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the Default Rate from the date the funds were spent until repaid.

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

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

**12. LIABILITY INSURANCE.** With regard to this Loan Agreement, Borrower shall obtain and maintain, and require the contractor and subcontractors for the Project to obtain and maintain such insurance as will protect them, respectively, from the following claims which may result from the operations of Borrower, any 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 his employees; (c) claims for damages because of bodily injury, sickness or disease, or death of any person other than his 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 Borrower, 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 Borrower's obligations under this Loan Agreement.

**12.1. LIABILITY INSURANCE POLICY LIMITS.** Borrower shall assure that the insurance required by this Section shall be written with a deductible of not more than \$100,000, and for limits of liability which shall not be less than the following:

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

**12.1.2. COMPREHENSIVE GENERAL LIABILITY.** Borrower shall obtain and maintain commercial general liability coverage shall include premises-operations, independent contractor's protective, products and completed operation (for four years), broad form property damage, and contractual liability coverage (or such other substantially similar coverage as may be approved by Lender Counsel). Such insurance shall have limits of liability which are not less than \$1,000,000, each occurrence, for bodily injury coverage; \$5,000,000 aggregate, for products and completed operations coverage; \$5,000,000 each occurrence for property damage coverage, single limit and aggregate; and which is the same as the foregoing coverages;

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

**12.1.4. CONTRACTUAL LIABILITY.** Borrower shall obtain and maintain contractual liability for coverage for (a) bodily injury of not less than \$1,000,000 per occurrence limit and \$1,000,000 general aggregate limit, (b) property damage

of not less than \$1,000,000 per occurrence limit and \$1,000,000 general aggregate limit, and (c) personal injury (with Employment Exclusion deleted) of not less than \$1,000,000 general aggregate limit;

12.1.5. **PERSONAL INJURY.** Borrower shall obtain and maintain contractual liability for coverage for bodily injury of \$1,000,000 for each occurrence;

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

12.2. **INSURANCE PROVISIONS.** Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date. If an endorsement cannot be obtained, Borrower shall provide such notice at least thirty (30) days prior to its effective date.

12.3. **FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, Lender shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to Lender. If Borrower fails to reimburse Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

### 13. MISCELLANEOUS

13.1. **NONRECOURSE.** Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, a Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

13.2. **FEDERAL REQUIREMENTS.** If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender shall fully cooperate with, and assist Borrower in fulfillment of such obligations. If Lender, as a result of actions of Borrower, shall be obligated to repay the Loan Program any amount of the Loan Proceeds, Borrower shall make such repayment on account of Lender and failure to do so shall be an Event of Default.

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

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

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

**13.6. NOTICES.** Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices shall be given in accordance with law. Notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above by one or more of the following methods, unless otherwise required by law.

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

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

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

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

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

**13.8. ASSIGNMENT.** The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due without the prior written consent of Lender, in Lender's sole discretion. However, if there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications. Lender may at any time assign the Loan Documents and its interest in any accounts to any political subdivisions or successor in interest to Lender, provided that the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents.

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

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

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

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

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

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

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

13.14. **LOAN EXPENSES.** Borrower will pay directly any expenses related to the Loan, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, and all amendments to the Loan Documents requested by Borrower; and (ii) the enforcement of any rights or remedies under the Loan Documents. All costs and expenses, together with interest at the Interest Rate, will be added to the principal balance of the Loan.

13.15. **NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

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

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

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

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

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

13.21. **INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees (collectively, "Liabilities") that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any

obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, the Project, or any portion of them; provided, however, that Borrower's obligations hereunder shall not apply to the extent any Liabilities arise from the negligent act or willful misconduct of Agency. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note.

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

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

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

13.25. **INTEGRATION AND INTERPRETATION.** The Loan Documents integrate all of the terms and conditions related or incidental to the Loan, and supersede all negotiations or previous agreements between the parties with respect to its subject matter. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

13.26. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

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

**BORROWER:**  
**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

**LENDER:**

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

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

Approved as to form:

\_\_\_\_\_  
Lender Counsel

### **Exhibit 1: Legal Description**

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

#### **PARCE ONE:**

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: 049-0250-028-0000

#### **PARCEL TWO:**

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: 049-0250-027-0000

#### **PARCEL THREE:**

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: 049-0250-035-0000

## **Exhibit 2: Note Form**

### **PROMISSORY NOTE FOR CORAL GABLES UNSECURED PREDEVELOPMENT LOAN AGREEMENT**

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

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

| <b>DEFINED TERM:</b>  | <b>DEFINITION:</b>   |
|---|--|
| “Effective Date”  | August 1, 2020   |
| “Lender”  | Sacramento Housing and Redevelopment Agency, a joint powers agency   |
| “Borrower”  | Villa Jardin/Coral Gables, L.P.  |
| “Borrower Legal Status”   | a California limited partnership   |
| “Loan Agreement”  | The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.  |
| “Principal Amount”  | \$500,000.00 (Five Hundred Thousand Dollars and No Cents)  |
| “Interest Rate”   | None (0.00%)   |
| “Special Terms”   | 1. The Loan shall be unsecured.<br>2. The Loan is a predevelopment loan and the loan proceeds shall be used solely for predevelopment costs associated with the new construction of Villa Jardin and Coral Gables.<br>3. The Loan is being made by Lender in conjunction with that certain Disposition and Development Agreement by and between the Housing Authority of the City of Sacramento and Borrower dated as of [even date herewith] (the “DDA”) to develop the vacant lots of Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento. If the project contemplated by the DDA does not proceed, then Section 3.2 of the Loan Agreement shall apply.   |
| <b>PAYMENT SCHEDULE.</b> Repayment of this Note shall be made as follows: |  |
| “Maturity Date”   | The maturity date for the Loan shall be the date which is the earlier to occur of: (i) July 31, 2023; or (ii) the close of a construction and permanent loan from Lender to Borrower for the Villa Jardin/Coral Gables affordable housing project (“Construction Loan”). Upon Borrower’s satisfaction of all conditions precedent to the funding of that Construction Loan for the Property, all funds advanced by Lender pursuant to this Loan Agreement and the Note not yet repaid to Lender shall become part of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, the Note will be cancelled. |
| “Payment Start Date”  | The payment shall be in lump sum on the Maturity Date.   |
| “Payment Amount(s)”   | The unpaid balance of the Loan, including without limitation principal and interest, shall be all due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges.   |

**FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY** to Lender, or its successors or assigns, the Principal Amount or so much of the Principal Amount as may be disbursed from time to time pursuant to the Loan Agreement. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. Lender and Borrower shall comply with and fulfill the Special Terms.

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

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

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

c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.

d. Borrower defaults or breaches any of the terms of Loan Agreement, or this Note, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have thirty (30) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion.

e. If and after Borrower acquires the Property, Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property .

f. If and after Borrower acquires the Property, the sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. The occurrence of any of the following:

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

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

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

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

6. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.
7. During the existence of default or delinquency under the terms of this Note, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.
8. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.
9. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, including reasonable attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

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

**Borrower:**

**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



Effective Date: August 11, 2020

Villa Jardin/Coral Gables, L.P.  
c/o Jack D. Gardner, President & CEO  
John Stewart Company  
1388 Sutter Street, 11th Floor  
San Francisco, CA 94109

**RE: Conditional Funding Commitment for Villa Jardin and Coral Gables**

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of \$2,800,000.00 in construction and permanent loan funds (Loan) comprised of \$1,400,000.00 in City Housing Trust Funds (HTF) and \$1,400,000.00 in California State Department Housing and Community Development (HCD) Local Housing Trust Fund (LHTF) Program, for the purpose of financing the new construction and development of that certain real property known as Villa Jardin located at 2621 Meadowview Road, and Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento, California 95832 (Property). In the event HCD LHTF is not awarded to the Agency for the Project, the Agency will replace the HCD LHTF with \$1,400,000.00 in City Mixed Income Housing Funds. **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this funding commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire **February 28, 2022** or extended upon mutual agreement.



Sacramento Housing and Redevelopment Agency "Changing Lives" 801 12<sup>th</sup> Street · Sacramento, CA 95814 · [www.shra.org](http://www.shra.org)



1. PROJECT DESCRIPTION: 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 paragraph 1 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.
2. BORROWER: The name of the Borrower for the Loan is Villa Jardin/Coral Gables, LP a California limited liability company (an affiliate of John Stewart Company, or related entity).
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of new construction development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) \$2,800,000.00, or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. TERM OF LOAN: The Loan shall mature 57 years (i.e., 684 months) from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. INTEREST RATE: Three percent simple interest rate (3.00%).
7. ANNUAL REPAYMENT: Annual payments will be made on a Residual Receipts basis until the maturity date. Annual payments shall be applied to outstanding principal.

“Residual Receipts” is defined as follows: Based on the annual audited financial statement from the preceding year, payments will be made upon a “Residual Cash Flow” basis meaning Net Operating Income (NOI) less: (a) debt service on the monitoring fees of the State of California Housing Community Development (HCD) Multifamily Housing Program (MHP) loan and the Sacramento Housing and Redevelopment Agency loan; (b) partnership management fee up to \$20,000 annually as of the Loan's Effective Date indexing at 3% annually; (c) asset management fees up to \$5,000 annually as of the Loan's Effective Date indexing at 3% annually; (d) Deferred Developer Fee indexing at 3% annually; (e) after Sections (a) through (d) of this paragraph are paid, fifty percent (50%) of the available cash flow from NOI to Borrower; and (f) after Sections (a)

through (e) of this paragraph are paid, the proportional share of HCD's public assistance of the available cash flow from NOI towards the MHP loan repayment to HCD, HOME loan repayment to Agency, City HTF/HCD Local HTF/MIHF loan repayment to Agency and Seller Carryback loan repayment to the Housing Authority of the City of Sacramento.

The Net Operating Income is defined as periodic "Revenue" less "Operating Expenses." "Revenue" means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

"Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.

8. SOURCE OF LOAN FUNDS:

Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$1,400,000.00 in City Housing Trust Funds (HTF) and \$1,400,000.00 in California State Department Housing and Community Development Local Housing Trust Fund Program. In the event HCD LHTF is not awarded to the Agency for the Project, the Agency will replace the HCD LHTF with \$1,400,000.00 in City Mixed Income Housing Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

**Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

\_\_\_\_\_ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$11,000,000 in Low Income Housing Tax Credit Equity. If LIHTC equity goes below \$11,000,000, the equity must be offset by an additional funding source, deferred developer fee, general partnership contribution and/or non-Agency gap financing source.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
  - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
  - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
  - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
  - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the

Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.

20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

22. COST SAVINGS: At permanent loan conversion, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
23. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.

25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan 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 Lender's legal counsel.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than ONE HUNDRED THOUSAND DOLLARS (\$100,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). It is agreed that Borrower may meet the insurance limit requirements through the use of an Umbrella/Excess policy if necessary. Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require,

including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
34. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.
35. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of fifteen (15) hours per week of on-site resident services, including an on-site service coordinator for four (4) hours, and the remaining eleven (11) hours for educational, enrichment and transportation assistance programs.

36. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Sincerely,

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La Shelle Dozier  
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions as of the Effective Date.

BORROWER:

Villa Jardin/Coral Gables, L.P., a California limited partnership (an affiliate of John Stewart Company, or related entity).

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

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

By: \_\_\_\_\_  
Jack D. Gardner, President & CEO

**The Exhibit listed below is incorporated in this Loan Commitment by this reference for the financing of the Villa Jardin and Coral Gables Project:**

Exhibit 1 - Scope of Development

## **Exhibit 1 - Scope of Development**

### **Villa Jardin and Coral Gables**

#### **Part 1 of 2: Villa Jardin Scope of Development – Rehabilitation**

Villa Jardin (“Project”) is an existing multifamily apartment complex with 44 units located on approximately 1.45 acres in Sacramento’s Meadowview neighborhood. Villa Jardin’s 44 units will be rehabilitated; all units are two-bedroom, one-bathroom. The common areas and amenities will include a new community center building and playground, both to be shared with residents at Coral Gables.

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 John Stewart Company is responsible for notifying the architects and engineers 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 Pavement:** Repair parking, curb, and sidewalk areas with alligator cracking, excessive cracking, tree root damage, and for utility trenching. Parking areas will be ground and overlay repaved throughout, followed by full slurry seal and restriping. ADA path of travel and other code-conforming accessibility modifications will also be provided.
- 2. Drainage:** Damaged downspouts will be repaired or replaced and 2% slope for five (5) feet away from all structures will be ensured. Rainwater leaders will be connected to storm drainage at the proper slope.
- 3. Landscaping Improvements:** Landscaping improvements will include installation of consistent and drought-tolerant plants and shrubs and removal and replacement of Mulberry trees, as well as replacement turf, bark/mulch, and a Smart Controller programmable automated irrigation system.
- 4. Mailboxes:** Mailboxes will be removed and replaced in a more central location near the Community Building (which will be built as part of the Coral Gables new construction)
- 5. Picnic Area:** Barbeque, seating, and dog poop areas will be provided adjacent to the play area and will be shared with residents at Coral Gables.
- 6. Play Area:** The play area will have two (2) play structures, one for children ages 2-5 and one for children ages 5-12, to be built as part of the Coral Gables new construction and shared with residents at Coral Gables. Additionally, the access pathway will be modified as appropriate and the play area will be resurfaced with rubber safety surfacing or other similar safety- and accessibility-compliant material.
- 7. Security Cameras:** A new security surveillance camera system will be installed. Camera locations will include primary ingress/egress points to and from the site, parking lots, and indoor and outdoor common areas where people congregate (including management office, laundry room, and play areas). See security camera diagram for proposed locations and directions.

8. **Sewer Repairs:** All laterals will receive complete cabling and jet cleaning, and the one belly and broken connection will be repaired.
9. **Site Lighting:** Two existing post-mounted fixtures will be replaced with LED fixtures.
10. **Signage:** New unit identification, wayfinding, code, fire, and life and safety signage will be installed. Signage will be code-compliant and include braille and raised letter unit and site signage.
11. **Site Fencing:** Existing fence along Meadowview Road will be moved off City property (footings will also be removed) as part of DPW's work on the Meadowview Road streetscape. Existing wrought-iron perimeter fencing will be repainted with rust-resistant paint. The sliding automobile gate and pedestrian gates will be repaired and repainted with rust-resistant paint. The automobile gate operator will also be replaced.
12. **Trash Enclosure:** The existing trash enclosure will be replaced with a code-conforming covered enclosure of reinforced masonry and lighting. A concrete apron will also be provided to prevent paving damage during dumpster collection.

## II. Building Exteriors

1. **Balconies and Patios:** All ground-floor apartments will have a small patio. See attached sketch for proposed redesign.
2. **Building Envelope:** Stucco siding will be repaired as needed and weep-screed installed to prevent wicking. Damaged foundation vents will be replaced with integral vents.
3. **Building Lighting:** Exterior building lighting, including soffit lighting above and below building entry decks, will be replaced with LED fixtures. Soffit lighting will be non-switched to provide for safety and security.
4. **Doors:** All exterior unit entry doors will be replaced. Matching hardware finishes, deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch will be installed. Doors will also have single action hardware to release deadbolt and latch assembly, and will meet current egress standards.
5. **Exterior Painting:** Building exteriors (fascia, walls, doors, door frames, and trim throughout exterior walkways and laundry room) will be repainted.
6. **Exterior Stairs and Walkways:** New dual handrails will be installed at all first-floor entrances. Handrails and guardrails on exterior stairs to second-floor units will be repaired and/or replaced where necessary. New metal risers will be installed and broken treads will be replaced. Second-floor entry deck will be reframed and resurfaced. See attached sketch for proposed redesign of second-floor entry decks.
7. **Roofing:** Rot will be repaired where observed during Pest Report (i.e., various wood roof and deck fascia components). Existing roofing will be replaced with high-quality asphalt shingles.
8. **Windows:** All windows will be replaced with energy-efficient 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. The sill height at the second-floor units' bedroom windows will be lowered to conform to code.

### 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. The two existing units at Villa Jardin currently designated as handicap accessible will be modified to have ADA-compliant clearances and ramps, including new rails at the shared entry ramp, expansion of the bathrooms for turnaround and access, modifications to fixture locations, installation of grab bars, and modifications of kitchen cabinetry to provide appropriate counter height and work surface clearance. The existing management office will be altered (new railings at existing entry ramp and expansion of existing toilet room) to be a new handicapped-accessible unit.
2. **Appliances:** Thirty-three (33) units will receive new ranges, twenty-six (26) units will receive new Energy Star-rated refrigerators, and thirty-four (34) units will receive new garbage disposals and range hood fans. All units will have new Energy Star-rated dishwashers installed. Thirty-four (34) units will receive new single-bowl stainless steel sinks and fixtures.
3. **Bathtubs, Toilets, and Other Bath Fixtures:** All forty-four (44) units will receive new enameled steel bathtubs with solid surface (fiberglass) surrounds and new pressure-balanced mixing valves, as well as new bath flooring. All forty-four (44) units will also receive new bath vanity plywood cabinets with solid wood doors, sinks, and fixtures, as well as ultra-low flow toilets for water conservation, compliance with State law, and long-term maintenance efficiency. All forty-four (44) units will also receive new toilet accessories and mirrors. Additionally, all forty-four (44) units' bath fans will be replaced with Energy Star-rated, humidistat-controlled bath fans (which automatically activate the fan when moisture is detected).
4. **Kitchen Cabinets, Counters and Sinks:** Thirty-four (34) units will receive new all-plywood kitchen cabinets with solid wood doors, granite or alternative solid surface countertops, and kitchen sinks. Cabinets will include cutout for suspended microwave.
5. **Ceilings and Walls:** The popcorn ceilings will be removed. All units will receive drywall repairs and/or asbestos abatement as necessary. Patching and replacement will be completed to an as-new finish.
6. **Doors:** Interior unit doors (for closet, bedroom and bathroom) are typically hollow core painted swing doors, generally in fair to good condition, and will not be replaced.
7. **Electrical and Lighting:** Wiring and panels will be replaced or added as needed. Electrical panelboards will be replaced in all forty-four (44) units. All interior light fixtures will be replaced with LED lights. All forty-four (44) units will receive new Energy Star-rated fan/light fixtures in the dining area.
8. **Flooring:** Twenty-nine (29) units will receive new resilient flooring such as vinyl plank floor in the living areas throughout the unit to eliminate mold, insect infestations, and to

provide long-term cost-effective maintenance. Remaining fifteen (15) units have carpet and vinyl flooring in good condition. All forty-four (44) units will receive new resilient flooring in the bathroom.

9. **Hot Water Heating:** All hot water heaters will be replaced with more energy efficient models, and replacement will include earthquake strapping and pressure relief valves.
10. **Heating and Cooling:** All gas wall furnaces in the hallway of each unit will be replaced. The living room gas wall furnaces and window/wall air conditioning units will be replaced by heat pumps, which will also enable meeting the CTCAC 10% energy improvement threshold.
11. **Interior Paint:** All units will be repainted with zero VOC, zero-odor paint to ensure healthy indoor air quality.
12. **Plumbing:** The hot and cold water distribution piping at each building will be completely replaced.
13. **Outlets:** Non-ground-fault circuit interceptor (GFCI) electrical outlets at all forty-four (44) units' bath and kitchen counter outlets will be replaced with code-compliant GFCI outlets.
14. **Smoke Alarms, Etc.:** All forty-four (44) units will receive new hallway smoke alarms in each bedroom and combination smoke alarm/carbon monoxide detectors in the hallway outside the bedrooms.
15. **Window Treatments:** Horizontal PVC louver blinds in all forty-four (44) units will be replaced with vertical blinds to forestall damage and dust accumulation.

#### IV. Community Amenities

1. **Broadband Infrastructure:** Cables, fiber optics, wiring, and/or other permanent infrastructure capable of providing access to Internet connections is already installed as many tenants currently have individual broadband accounts with various Internet Service Providers. Additional infrastructure will be installed to provide access to individual housing units as necessary.
2. **Laundry Facility:** Laundry machines accessible to Villa Jardin residents will be provided in the Coral Gables new construction, so the existing laundry facility at Villa Jardin will be turned into on-site storage. The two existing fixed glass windows will be replaced with operable windows with security screens for improved ventilation. Existing electrical outlets in the room will be replaced with GFCI-protected outlets.

**Scope of Development continued on the following page.**

## **Part 2 of 2: 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 preserved and shared between the two properties. An existing curb along the western side of the driveway will be demolished.
- 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 solid 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 Villa Jardin and Coral Gables Project:**

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

### **Attachment 1: Lender's Minimum Construction Standards**

This attachment is from Exhibit 2 from the Lender's Multifamily Lending and Mortgage Revenue Bond Policies.

## **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 doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb 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**



Effective Date: August 11, 2020

Villa Jardin/Coral Gables, L.P.  
c/o Jack D. Gardner, President & CEO  
John Stewart Company  
1388 Sutter Street, 11th Floor  
San Francisco, CA 94109

**RE: Assignment and Assumption Commitment for Villa Jardin Apartments**

Dear Mr. Gardner,

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment to assign and restructure the existing Agency debt associated with Villa Jardin Apartments to Villa Jardin/Coral Gables, L.P., a California limited liability company (an affiliate of John Stewart Company, or related entity) (Assignee).

Please see the attached executed Agency resolution authorizing the assignment restructure.

This commitment will expire **February 28, 2022**.

The following terms and conditions will apply to the assignment and restructuring.

1. ASSIGNEE: The name of the assignee is Villa Jardin/Coral Gables, L.P., a California limited liability company (an affiliate of John Stewart Company, or related entity).
2. CURRENT LOAN: The principal amount of the Agency's HOME Investment Partnerships Program loan associated with Villa Jardin Apartments is \$1,599,134.94 plus projected accrued interest of \$1,139,220.21 totaling \$2,738,355.15. The loan currently has an interest rate of 3% simple interest and will mature on June 1, 2028. As a result of this commitment, this loan and accrued interest will be assigned to the Assignee at the time of the Villa Jardin Apartment construction loan close.
3. LOAN RESTRUCTURE: The Current loan will be restructured to extend its term such that its maturity date is 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable. Additionally, the interest rate associated with the loan will continue to be 3% simple interest.
4. SUBORDINATION: This loan will be subordinated to the any new Agency debt that is recorded against the property.



Sincerely,

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La Shelle Dozier  
Executive Director

The undersigned acknowledges and accepts the foregoing Assignment and Assumption Commitment for Villa Jardin Apartments and its terms and conditions as of the Effective Date.

**BORROWER:**

Villa Jardin/Coral Gables, L.P., a California partnership (an affiliate of John Stewart Company, or related entity).

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

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

By: \_\_\_\_\_  
Jack D. Gardner, President & CEO





Effective Date: August 11, 2020

Villa Jardin/Coral Gables, L.P.  
c/o Jack D. Gardner, President & CEO  
John Stewart Company  
1388 Sutter Street, 11th Floor  
San Francisco, CA 94109

**RE: Assignment and Assumption Commitment for the Coral Gables Project**

Dear Mr. Gardner,

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment to assign and restructure the existing Agency debt associated with the Coral Gables Project to Villa Jardin/Coral Gables, L.P., a California limited liability company (an affiliate of John Stewart Company, or related entity) (Assignee).

Please see the attached executed Agency resolution authorizing the assignment restructure.

This commitment will expire **February 28, 2022**.

The following terms and conditions will apply to the assignment and restructuring.

1. ASSIGNEE: The name of the assignee is Villa Jardin/Coral Gables, L.P., a California limited liability company (an affiliate of John Stewart Company, or related entity).
2. CURRENT LOAN: The principal amount of the Agency's Housing Trust Fund (HTF) loan associated with Coral Gables is \$500,000 with a zero percent interest rate (0.00%). The loan will mature on July 31, 2023. As a result of this commitment, this loan will be assigned to the Assignee at the time of the Coral Gables Project construction loan close.
3. LOAN RESTRUCTURE: The Current loan will be restructured to extend its term such that its maturity date is 57 years or 684 months from the date of closing, at which point any unpaid principal on the loan will be due and payable. Additionally, the interest rate associated with the loan will be 3% simple interest.
4. SUBORDINATION: This loan will be subordinated to the any new Agency debt that is recorded against the property.



Sincerely,

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La Shelle Dozier  
Executive Director

The undersigned acknowledges and accepts the foregoing Assignment and Assumption Commitment for the Coral Gables Project and its terms and conditions as of the Effective Date.

**BORROWER:**

Villa Jardin/Coral Gables, L.P., a California partnership (an affiliate of John Stewart Company, or related entity).

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

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

By: \_\_\_\_\_  
Jack D. Gardner, President & CEO

